



Randfontein Local Municipality

(Demarcation code GT482)
Annual Financial Statements
for the year ended 30 June 2012

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

General Information

Legal form of entity

Randfontein Local Municipality

Nature of business and principal activities

- Provision of a democratic and accountable local government for communities in the Randfontein area;
- Ensuring the provision of services to these communities in a sustainable manner;
- Promotion of social and economic development;
- Promotion a safe and healthy environment; and
- Encourage the involvement of communities and community organisations in the matters of local government in the Randfontein

Council

Executive Mayor
Speaker
Council Whip
Mayoral Committee

Cllr Sylvia Elaine Thebenare
Cllr Mzikayifane Elias Khumalo
Cllr Yaqub Ihsaanullah Legoete

Cllr Mathidiso Theresa Kimane (Waste and Environment)
Cllr Patricia Themba Matuwane (Social Services)
Cllr Martha Christina Grobler (Finance)
Cllr Arthur Sampson (Infrastructure; Ward 5)
Cllr Xolisa Ntsepo (Corporate Support Services; Ward 2)
Cllr Brenda Mahuma (Public Safety)
Cllr Lazarus Sydney Matshuisa (Local Economic Development; Ward 16)
Cllr Sipho Saxon Matakane (Development Planning)
Cllr Adifele Isaac Lebopa (Ward 11)

MPAC Chairperson
Councillors

Cllr Betty Matebesi (Ward 1)
Cllr Alwyn Jacobus van Tonder (Ward 3)
Cllr Gesina Aletta Erasmus (Ward 4)
Cllr Evert Phillipus du Plessis (Ward 6)
Cllr Craig Harrison (Ward 7)
Cllr Bernard Schalk Rooskrantz (Ward 8)
Cllr Peter Dick (Ward 9)
Cllr Joseph Cornelius Williams (Ward10)
Cllr Mzusekho Joseph Mbangeni (Ward 12)
Cllr Monica Makhuto Sello (Ward 13)
Cllr Modisaotsile John Bogale (Ward 14)
Cllr Serame William Nawa (Ward 15)
Cllr Mmaboi Jane Jerminah Kutoane (Ward 17)
Cllr Kgomotso Dorothy Mogapi (Ward 18)
Cllr Mmaphuti Dorah Mogale (Ward 19)
Cllr Doneven Cloete (Ward 20)
Cllr Festus Omphile Matshogo (Ward 21)
Cllr Philile Kenneth Faku (Ward 22)

Proportional Representative councillors

Cllr Shannon Patricia Steenkamp
Cllr Gerald Pierre Bezuidenhout
Cllr Cllr Paul Lucky Francis
Cllr Eva Johanna Regetta Beaufort
Cllr Gerhard Kruger
Cllr Brian Douglas Blake

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General Information

Cllr Patricia Simon
Cllr Puseletso Sweetness Mapena
Cllr Gwendoline Mamosupane Ndebele
Cllr Thomas Boy Mananiso
Cllr Tshipi Bernadette Ntombiyezizwe Mavuso
Cllr Sipho Steven Handula
Cllr Tessa Perryman
Cllr Solomon May

Grading of local authority

Grade 4
High capacity

Acting Accounting Officer

Mrs Nokwazi Ndlala

Chief Finance Officer (CFO)

Mr Linda Philemon Ivan Mashigo

Registered office

C/O Sutherland & Pollock street
Randfontein
1760

Business address

Corner Sutherland and Pollock Streets
Randfontein
1760

Postal address

P O Box 218
Randfontein
1760

Bankers

Nedbank Corporate Banking

Auditors

Auditor General of South Africa

Attorneys

Various

Randfontein Local Municipality

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Abbreviations

| | |
|---------|--|
| COID | Compensation for Occupational Injuries and Diseases |
| CRR | Capital Replacement Reserve |
| DBSA | Development Bank of South Africa |
| SA GAAP | South African Statements of Generally Accepted Accounting Practice |
| GRAP | Generally Recognised Accounting Practice |
| GAMAP | Generally Accepted Municipal Accounting Practice |
| HDF | Housing Development Fund |
| IAS | International Accounting Standards |
| IMFO | Institute of Municipal Finance Officers |
| IPSAS | International Public Sector Accounting Standards |
| ME's | Municipal Entities |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant (Previously CMIP) |
| WRDM | West Rand District Municipality |

A report of the accounting officer has not been prepared as the municipality is a wholly owned controlled entity of which is incorporated in South Africa.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, she is supported by the municipality's internal auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 6 to 53, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2012 and were signed on its behalf by:

Mrs N Ndlala
Acting Municipal Manager

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Position

| Figures in Rand | Note(s) | 2012 | 2011 |
|--|---------|----------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 8 | 8 440 390 | 8 418 002 |
| Other financial assets | 6 | 149 127 | 149 127 |
| Trade and other receivables from non-exchange transactions | 9 | 18 723 948 | 24 902 646 |
| VAT receivable | | 1 828 673 | - |
| Trade and other receivables from exchange transactions | 10 | 103 570 474 | 58 490 986 |
| Cash and cash equivalents | 11 | 2 585 | 7 282 |
| | | 132 715 197 | 91 968 043 |
| Non-Current Assets | | | |
| Biological assets | 2 | 1 779 833 | 858 900 |
| Investment property | 3 | 13 468 561 | 13 144 000 |
| Property, plant and equipment | 4 | 2 608 713 324 | 2 616 649 808 |
| Intangible assets | 5 | 36 603 309 | 37 419 397 |
| Other financial assets | 6 | 10 429 613 | 8 424 492 |
| | | 2 670 994 640 | 2 676 496 597 |
| Total Assets | | 2 803 709 837 | 2 768 464 640 |
| Liabilities | | | |
| Current Liabilities | | | |
| Other financial liabilities | 13 | 1 212 524 | 1 041 438 |
| Finance lease obligation | 14 | 20 625 014 | 1 423 716 |
| Trade and other payables from exchange transactions | 17 | 138 015 094 | 112 547 868 |
| VAT payable | 18 | - | 2 795 560 |
| Consumer deposits | 19 | 24 329 200 | 22 165 560 |
| Unspent conditional grants and receipts | 15 | 34 554 790 | 27 099 027 |
| Provisions | 16 | 11 709 774 | 7 545 451 |
| Bank overdraft | 11 | 1 506 507 | 2 839 138 |
| | | 231 952 903 | 177 457 758 |
| Non-Current Liabilities | | | |
| Other financial liabilities | 13 | 11 652 952 | 12 865 428 |
| Finance lease obligation | 14 | 30 613 811 | 5 092 744 |
| Retirement benefit obligation | 7 | 49 075 773 | 48 290 214 |
| | | 91 342 536 | 66 248 386 |
| Total Liabilities | | 323 295 439 | 243 706 144 |
| Net Assets | | 2 480 414 398 | 2 524 758 496 |
| Net Assets | | | |
| Reserves | | | |
| Other non-distributable reserve | | 3 833 346 | 3 833 346 |
| Accumulated surplus | | 2 476 581 052 | 2 520 925 150 |
| Total Net Assets | | 2 480 414 398 | 2 524 758 496 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Performance

| Figures in Rand | Note(s) | 2012 | 2011 |
|------------------------------------|---------|----------------------|----------------------|
| Revenue | | | |
| Property rates | 21 | 65 093 389 | 70 213 845 |
| Service charges | 22 | 424 833 982 | 353 775 827 |
| Rental of facilities and equipment | 54 | 1 746 405 | 1 464 542 |
| Interest received (trading) | | 1 964 056 | 9 071 904 |
| Income from agency services | | 13 542 238 | 11 818 036 |
| Public contributions and donations | | 580 980 | 852 323 |
| Fines | | 7 258 046 | 7 060 246 |
| Licences and permits | | 68 840 | 27 122 |
| Government grants & subsidies | 23 | 132 710 266 | 132 537 775 |
| Other income | 24 | 8 115 935 | 6 805 366 |
| Other farming income | | 1 717 615 | 1 423 946 |
| Interest received - investment | 29 | 1 332 736 | 2 020 084 |
| Total Revenue | | 658 964 488 | 597 071 016 |
| Expenditure | | | |
| Employee related costs | 26 | (184 063 847) | (168 745 525) |
| Remuneration of councillors | 27 | (12 789 553) | (10 185 598) |
| Depreciation and amortisation | 31 | (107 851 802) | (102 346 963) |
| Finance costs | 33 | (14 220 540) | (5 967 091) |
| Debt impairment | 28 | 20 471 940 | (7 844 491) |
| Repairs and maintenance | | (16 871 675) | (20 758 575) |
| Bulk purchases | 38 | (271 454 675) | (216 647 286) |
| Contracted services | 36 | (27 320 049) | (28 034 627) |
| Grants and subsidies paid | 37 | (400 000) | (475 000) |
| General Expenses | 25 | (90 387 183) | (89 533 660) |
| Total Expenditure | | (704 887 384) | (650 538 816) |
| Loss on disposal of assets | | (3 173 933) | (6 068) |
| Fair value adjustments | 30 | 920 933 | (35 707) |
| Acturial Gain or Loss | | 4 093 911 | (7 200 081) |
| Deficit for the year | | (44 081 985) | (60 709 656) |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Changes in Net Assets

| Figures in Rand | Housing development | Accumulated surplus | Total net assets |
|---|------------------------|------------------------|----------------------|
| Opening balance as previously reported | 3 833 346 | 2 597 782 006 | 2 601 615 352 |
| Adjustments | | | |
| Prior year adjustments | - | (18 967 098) | (18 967 098) |
| Balance at 01 July 2010 as restated | 3 833 346 | 2 578 814 908 | 2 582 648 254 |
| Changes in net assets | | | |
| Prior year adjustments | - | 524 226 | 524 226 |
| Net income (losses) recognised in net assets | - | 2 295 672 | 2 295 672 |
| Net income (losses) recognised directly in net assets | - | 2 819 898 | 2 819 898 |
| Surplus for the year | - | (60 709 656) | (60 709 656) |
| Total recognised income and expenses for the year | - | (57 889 758) | (57 889 758) |
| Total changes | - | (57 889 758) | (57 889 758) |
| Balance at 01 July 2011 | 3 833 346 | 2 520 663 037 | 2 524 496 383 |
| Changes in net assets | | | |
| Surplus for the year | - | (44 081 985) | (44 081 985) |
| Total changes | - | (44 081 985) | (44 081 985) |
| Balance at 30 June 2012 | 3 833 346 | 2 476 581 052 | 2 480 414 398 |
| Note(s) | | | |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Cash Flow Statement

| Figures in Rand | Note(s) | 2012 | 2011 |
|---|---------|-----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 498 323 456 | 366 190 705 |
| Grants | | 138 223 007 | 111 042 030 |
| Interest income | | 1 332 736 | 2 020 084 |
| Other receipts | | 32 449 079 | 28 599 258 |
| | | <u>670 328 278</u> | <u>507 852 077</u> |
| Payments | | | |
| Employee costs | | (196 853 400) | (178 890 733) |
| Suppliers | | (380 966 356) | (319 588 943) |
| Finance costs | | (10 468 283) | (5 967 091) |
| | | <u>(588 288 039)</u> | <u>(504 446 767)</u> |
| Net cash flows from operating activities | 39 | <u>82 040 239</u> | <u>3 405 310</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | (118 633 495) | (102 591 555) |
| Proceeds from sale of property, plant and equipment | 4 | 1 | 14 226 058 |
| Purchase of other intangible assets | 5 | (2 408) | (24 963) |
| Proceeds from sale of financial assets | | (2 005 121) | 68 698 925 |
| Purchase of biological assets | 2 | - | (128 757) |
| Net cash flows from investing activities | | <u>(120 641 023)</u> | <u>(19 820 292)</u> |
| Cash flows from financing activities | | | |
| Other financial payments | | (1 041 390) | (15 779 970) |
| Increase (decrease) in finance lease obligation | | 40 970 108 | (1 681 556) |
| Net cash flows from financing activities | | <u>39 928 718</u> | <u>(17 461 526)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 1 327 934 | (33 876 508) |
| Cash and cash equivalents at the beginning of the year | | (2 831 856) | 31 044 652 |
| Cash and cash equivalents at the end of the year | 11 | <u>(1 503 922)</u> | <u>(2 831 856)</u> |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Biological assets

An entity shall recognise a biological assets or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

A gain or loss arising on initial recognition of biological assets or agricultural produce at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological assets is included in surplus or deficit for the period in which it arises.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.2 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Average useful life (years) |
|------|-----------------------------|
| Land | Indefinite |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.3 Property, plant and equipment (continued)

| | |
|---|--------|
| Buildings | 5 - 60 |
| Plant and machinery | |
| • Specialised plant and equipment | 10-50 |
| • Other items of plant and equipment | 2-5 |
| Furniture and fixtures | |
| • Furniture and fittings | 7-10 |
| Motor vehicles | |
| • Specialist vehicles | 5 |
| • Other vehicles | 3-7 |
| Office equipment | |
| • Office equipment | 3-7 |
| Infrastructure | |
| • Roads and storm water | 3-100 |
| • Mechanical and electrical plant | 15-30 |
| • Civil infrastructure and pipework | 10-200 |
| • electrical infrastructure | 45-50 |
| Finance lease assets | |
| • Office equipment | 3-5 |
| • Motor vehicles | 3-5 |
| Park facilities | |
| • Open spaces | 10-50 |
| Other property, plant and equipment # 4 | |
| • Library books | 3-50 |

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Useful life |
|-------------------------|-------------|
| Licenses | 5-10 years |
| Computer software | 5-10 years |
| Servitudes | Indefinite |
| Other intangible assets | 5-10 years |

1.5 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.5 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Randfontein Local Municipality

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Accounting Policies

1.6 Financial instruments (continued)

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Randfontein Local Municipality

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Accounting Policies

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of:

- a municipality's decision to terminate an employee's employment before the normal retirement date.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.11 Revenue from exchange transactions (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.13 Investment income

Investment income is recognised on a time-proportion basis.

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of the total amount appropriated;
- overspending of the total amount appropriated for a vote in the approved budget.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.19 Presentation of currency

These annual financial statements are presented in South African Rand.

1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of

1.21 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.22 Internal reserves

1.23 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Investments in derivative financial instruments

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in accumulated surpluses/(deficits). Amounts deferred in net assets are recognised in the statement of financial performance in the same period in which the hedged firm commitment or forecasted transaction affects net surplus/(deficit).

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of financial performance as they arise.

1.24 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.25 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.26 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.27 Other accounting policy 1

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

2. Biological assets

| | 2012 | | | 2011 | | |
|---------------------------|------------------|---|------------------|----------------|---|----------------|
| | Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Dairy cattle | 1 203 900 | - | 1 203 900 | 858 900 | - | 858 900 |
| Maize at point of harvest | 575 933 | - | 575 933 | - | - | - |
| Total | 1 779 833 | - | 1 779 833 | 858 900 | - | 858 900 |

Reconciliation of biological assets - 2012

| | Opening balance | Gains or losses arising from changes in fair value | Total |
|---------------------------|-----------------|--|------------------|
| Dairy cattle | 858 900 | 345 000 | 1 203 900 |
| Maize at point of harvest | - | 575 933 | 575 933 |
| | 858 900 | 920 933 | 1 779 833 |

Reconciliation of biological assets - 2011

| | Opening balance | Additions | Gains or losses arising from changes in fair value | Total |
|--------------|-----------------|-----------|--|---------|
| Dairy cattle | 765 850 | 128 757 | (35 707) | 858 900 |

Non - Financial information

Quantities of each biological asset

| | | |
|------------------------|------------|------------|
| Dairy cattle | 161 | 143 |
| Dairy cattle | | |
| Cows in production | 60 | 57 |
| Cows not in production | 32 | 27 |
| Heifers | 44 | 39 |
| Calves | 25 | 20 |
| | 161 | 143 |

Methods and assumptions used in determining fair value

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

3. Investment property

| | 2012 | | | 2011 | | |
|------------------------------|---------------------|--|----------------|---------------------|--|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Improved and unimproved land | 13 468 561 | - | 13 468 561 | 13 144 000 | - | 13 144 000 |

Reconciliation of investment property - 2012

| | Opening balance | Transfers | Total |
|------------------------------|-----------------|-----------|------------|
| Improved and unimproved land | 13 144 000 | 324 561 | 13 468 561 |

Reconciliation of investment property - 2011

| | Opening balance | Total |
|------------------------------|-----------------|------------|
| Improved and unimproved land | 13 144 000 | 13 144 000 |

The investment property is considered to be at fair value in view of the depressed property market.

4. Property, plant and equipment

| | 2012 | | | 2011 | | |
|------------------|----------------------|--|----------------------|----------------------|--|----------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Infrastructure | 3 744 607 932 | (1 602 807 066) | 2 141 800 866 | 3 738 794 789 | (1 526 180 062) | 2 212 614 727 |
| Community | 607 541 995 | (325 784 367) | 281 757 628 | 603 770 036 | (305 600 610) | 298 169 426 |
| Other Assets | 48 413 688 | (16 609 217) | 31 804 471 | 50 251 009 | (19 651 096) | 30 599 913 |
| Leased assets | 65 429 222 | (11 135 838) | 54 293 384 | 9 316 175 | (2 145 122) | 7 171 053 |
| Work In Progress | 98 838 274 | - | 98 838 274 | 67 699 009 | - | 67 699 009 |
| Heritage | 265 721 | (47 020) | 218 701 | 397 920 | (2 240) | 395 680 |
| Total | 4 565 096 832 | (1 956 383 508) | 2 608 713 324 | 4 470 228 938 | (1 853 579 130) | 2 616 649 808 |

Reconciliation of property, plant and equipment - 2012

| | Opening balance | Additions | Disposals | Transfers | Other changes, movements | Depreciation | Total |
|------------------|----------------------|--------------------|--------------------|---------------------|--------------------------|----------------------|----------------------|
| Infrastructure | 2 212 614 727 | 5 813 143 | - | - | - | (76 627 004) | 2 141 800 866 |
| Community | 298 169 426 | 4 015 709 | - | - | (243 751) | (20 183 756) | 281 757 628 |
| Other Assets | 30 599 913 | 5 010 268 | (2 856 033) | - | - | (949 677) | 31 804 471 |
| Leased assets | 7 171 053 | 56 679 629 | (185 702) | - | - | (9 371 596) | 54 293 384 |
| Work In Progress | 67 699 009 | 47 114 746 | - | (15 975 481) | - | - | 98 838 274 |
| Heritage | 395 680 | - | (132 199) | - | - | (44 780) | 218 701 |
| Total | 2 616 649 808 | 118 633 495 | (3 173 934) | (15 975 481) | (243 751) | (107 176 813) | 2 608 713 324 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

| | Opening balance | Additions | Disposals | Transfers | Other changes, movements | Depreciation | Total |
|------------------|----------------------|--------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|
| Infrastructure | 2 271 016 962 | 18 339 801 | (1) | - | 250 981 | (76 993 016) | 2 212 614 72 |
| Community | 307 174 346 | 10 409 290 | (14 118 084) | - | 243 750 | (5 539 876) | 298 169 42 |
| Other Assets | 26 613 404 | 10 278 976 | (114 042) | - | 1 528 096 | (7 706 521) | 30 599 91 |
| Leased assets | 1 997 669 | 6 946 735 | 1 | - | (1 534 927) | (238 425) | 7 171 05 |
| Work In Progress | 36 608 610 | 56 616 753 | - | (25 526 354) | - | - | 67 699 00 |
| Heritage | 396 566 | - | - | - | - | (886) | 395 68 |
| | 2 643 807 557 | 102 591 555 | (14 232 126) | (25 526 354) | 487 900 | (90 478 724) | 2 616 649 80 |

Assets subject to finance lease (Net carrying amount)

| | | |
|---------------|------------|-----------|
| Leased assets | 54 293 384 | 7 171 053 |
|---------------|------------|-----------|

Other information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Intangible assets

| | 2012 | | | 2011 | | |
|--------------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software, other | 39 226 585 | (2 623 276) | 36 603 309 | 39 224 178 | (1 804 781) | 37 419 397 |

Reconciliation of intangible assets - 2012

| | Opening balance | Additions | Amortisation | Total |
|--------------------------|-----------------|-----------|--------------|------------|
| Computer software, other | 37 419 397 | 2 408 | (818 496) | 36 603 309 |

Reconciliation of intangible assets - 2011

| | Opening balance | Additions | Amortisation | Total |
|--------------------------|-----------------|-----------|--------------|------------|
| Computer software, other | 37 849 356 | 24 963 | (454 922) | 37 419 397 |

6. Other financial assets

Other call investments

| | | |
|--|---------|---------|
| Investments | 149 127 | 149 127 |
| Call account with Nedbank Limited, with interest of 4.5% and payable on demand | | |

Held to maturity

| | | |
|---|-----------|-----------|
| Investments | 9 081 948 | 8 467 274 |
| Zero-coupon bond investment with a maturity date of 7 June 2018 | | |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|--------------------------|-------------------------|
| 6. Other financial assets (continued) | | |
| Loans and receivables | | |
| Bursary loans external | (25 494) | (2 701) |
| Terms and conditions | | |
| Stand loans | 145 633 | 146 448 |
| Terms and conditions | | |
| Wiring loans | 17 325 | 18 449 |
| Terms and conditions | | |
| Staff Loans | (38 075) | (23 255) |
| Terms and conditions | | |
| House loans | 1 417 421 | 2 335 245 |
| Terms and conditions | | |
| | <u>1 516 810</u> | <u>2 474 186</u> |
| Loans and receivables (impairments) | (169 145) | (2 516 968) |
| | <u>1 347 665</u> | <u>(42 782)</u> |
| Total other financial assets | <u>10 578 740</u> | <u>8 573 619</u> |
| Non-current assets | | |
| Held to maturity | 9 081 948 | 8 467 274 |
| Loans and receivables | 1 347 665 | (42 782) |
| | <u>10 429 613</u> | <u>8 424 492</u> |
| Current assets | | |
| Other call investments | 149 127 | 149 127 |
| | <u>10 578 740</u> | <u>8 573 619</u> |

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

7. Retirement benefit obligations

Retirement benefits

Post retirement medical aid obligation

The amounts recognised in the statement of financial position are as follows:

| | | |
|-------------------------------|----------------------------|----------------------------|
| Carrying value | | |
| Opening accrued liability | (48 290 214) | (36 546 442) |
| Interest cost | (4 183 262) | (3 327 174) |
| Contributions (benefits paid) | 2 389 632 | 951 114 |
| Actuarial Loss / (gain) | 4 093 911 | (7 200 081) |
| Current service costs | (3 085 840) | (2 167 631) |
| Net liability | <u>(49 075 773)</u> | <u>(48 290 214)</u> |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

7. Retirement benefit obligations (continued)

Key financial assumptions

| | | |
|---------------------------------|--------|--------|
| Discount rate | 8,07 % | 8,75 % |
| Health care cost inflation rate | 7,03 % | 7,34 % |
| Net effective discount rate | 0,97 % | 1,31 % |
| | - | - |

30 June 2012

| Assumption | Change | Current service cost | Interest cost | Total | % change |
|---------------------------|-------------|----------------------|---------------|------------|-----------|
| Central assumptions | | 36 | 13 | 46 | |
| Health care inflation | 1 % | 42 | 14 | 57 | 15 % |
| | (1)% | 31 | 12 | 43 | (12)% |
| Post-retirement mortality | -1 yr | 37 | 14 | 51 | 4 % |
| Average retirement age | -1 yr | 39 | 13 | 52 | 6 % |
| Withdrawal rate | (50)% | 39 | 13 | 52 | 6 % |
| | (52) | 224 | 79 | 301 | 19 |

| Assumption | Change | Current service cost | Interest cost | Total | % change |
|---------------------------|--------|----------------------|-------------------|-------------------|----------|
| Central assumptions | | 3 085 800 | 4 183 300 | 7 269 100 | |
| Health care inflation | 1 % | 2 718 200 | 4 817 500 | 8 535 700 | 17 % |
| | (1)% | 2 582 800 | 3 664 400 | 6 247 200 | (14)% |
| Post-retirement mortality | -1 yr | 3 195 700 | 4 342 900 | 7 538 600 | 4 % |
| Average retirement age | -1 yr | 3 188 400 | 4 446 200 | 7 634 600 | 5 % |
| Withdrawal rate | (50)% | 3 509 700 | 4 456 600 | 7 966 300 | 10 % |
| | | 18 280 600 | 25 910 900 | 45 191 500 | |

30 June 2011

| Assumption | Change | Current service cost | Interest cost | Total | % Change |
|---------------------------|-------------|----------------------|---------------|----------------|----------|
| Central assumptions | | 34 466 | 11 824 | 48 290 | |
| Health care inflation | 1 % | 42 896 | 12 646 | 55 542 | - % |
| | (1)% | 31 245 | 11 113 | 42 358 | - % |
| Post-retirement mortality | 1 yr | 37 811 | 12 305 | 50 115 | - % |
| Average retirement age | -1 yr | 39 473 | 11 824 | 51 297 | - % |
| Withdrawal rate | (50)% | 39 591 | 11 824 | 51 415 | - % |
| | (50) | 225 482 | 71 536 | 299 017 | - |

| Assumption | Change | Current service cost | Interest cost | Total | % change |
|------------------------|-------------|----------------------|-------------------|-------------------|-----------|
| Central assumptions | | 2 167 700 | 3 327 200 | 5 494 900 | |
| Health care inflation | 1 % | 2 590 800 | 3 794 200 | 6 385 000 | 16 % |
| | (1)% | 1 829 100 | 2 943 000 | 4 772 100 | (13)% |
| Post-retirement | -1 yr | 2 239 900 | 3 448 000 | 5 687 900 | 4 % |
| Average retirement age | -1 yr | 2 250 100 | 3 522 600 | 5 772 700 | 5 % |
| Withdrawal rate | (50)% | 2 438 100 | 3 518 000 | 5 956 100 | 8 % |
| | (52) | 13 515 700 | 20 553 000 | 34 068 700 | 20 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|----------------------|----------------------|
| 7. Retirement benefit obligations (continued) | | |
| Net expense recognised in the statement of financial performance | | |
| Current service cost | 3 085 840 | 2 167 631 |
| Interest cost | 4 183 262 | 3 327 174 |
| Actuarial (gains) losses | (4 093 911) | 7 200 081 |
| Total included in employee related costs | 3 175 191 | 12 694 886 |
| 8. Inventories | | |
| Unsold maize | 108 067 | 202 500 |
| Consumable stores | 8 184 040 | 8 058 852 |
| Unsold water | 148 283 | 156 650 |
| | 8 440 390 | 8 418 002 |
| 9. Trade and other receivables from non-exchange transactions | | |
| Salary advances | 475 238 | 152 232 |
| Operating lease receivables (if immaterial) | (2) | - |
| Sundry | 18 315 277 | 25 767 512 |
| Revenue receivable | 3 422 445 | 2 204 513 |
| KeyHealth Continued members | 242 526 | 241 029 |
| Impairment | (3 731 536) | (3 462 640) |
| | 18 723 948 | 24 902 646 |
| 10. Trade and other receivables from exchange transactions | | |
| Gross balances | | |
| Rates | 101 803 453 | 60 013 904 |
| Electricity | 64 392 160 | 56 349 694 |
| Water | 37 040 212 | 42 580 399 |
| Sewerage | 7 172 622 | 9 068 678 |
| Refuse | 8 423 073 | 9 252 207 |
| Other Levies | 50 728 087 | 66 646 959 |
| VAT | 14 038 554 | 13 128 852 |
| | 283 598 161 | 257 040 693 |
| Less: Provision for debt impairment | | |
| Rates | (57 800 832) | (54 540 362) |
| Electricity | (39 062 974) | (38 862 726) |
| Water | (25 166 701) | (29 651 796) |
| Sewerage | (5 123 844) | (7 011 175) |
| Refuse | (5 155 703) | (5 930 663) |
| Other Levies | (47 717 633) | (62 552 985) |
| | (180 027 687) | (198 549 707) |
| | | |
| Rates | 44 002 621 | 5 473 542 |
| Electricity | 25 329 186 | 17 486 968 |
| Water | 11 873 511 | 12 928 603 |
| Sewerage | 2 048 778 | 2 057 503 |
| Refuse | 3 267 370 | 3 321 544 |
| Other Levies | 3 010 454 | 4 093 974 |
| VAT | 14 038 554 | 13 128 852 |
| | 103 570 474 | 58 490 986 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|-------------------|-------------------|
| 10. Trade and other receivables from exchange transactions (continued) | | |
| Rates | | |
| Current (0 -30 days) | 4 748 924 | 3 832 636 |
| 31 - 60 days | 44 828 066 | 3 473 494 |
| 61 - 90 days | 790 011 | 1 043 222 |
| 91 - 120 days | 775 940 | 878 989 |
| 121 - 365 days | 41 764 857 | 6 151 788 |
| > 365 days | 8 895 655 | 44 633 774 |
| Impairments | (57 800 832) | (54 540 361) |
| | 44 002 621 | 5 473 542 |
| Electricity | | |
| Current (0 -30 days) | 23 620 413 | 14 207 996 |
| 31 - 60 days | 2 720 017 | 2 544 222 |
| 61 - 90 days | 2 662 244 | 993 348 |
| 91 - 120 days | 2 409 605 | 1 402 555 |
| 121 - 365 days | 9 466 469 | 8 579 770 |
| > 365 days | 23 513 411 | 28 621 803 |
| Impairments | (39 062 973) | (38 862 726) |
| | 25 329 186 | 17 486 968 |
| Water | | |
| Current (0 -30 days) | 3 609 592 | 3 498 459 |
| 31 - 60 days | 1 753 050 | 1 723 156 |
| 61 - 90 days | 1 314 224 | 1 334 894 |
| 91 - 120 days | 1 249 318 | 1 033 471 |
| 121 - 365 days | 9 410 048 | 9 602 557 |
| > 365 days | 19 703 979 | 25 387 863 |
| Impairments | (25 166 700) | (29 651 797) |
| | 11 873 511 | 12 928 603 |
| Sewerage | | |
| Current (0 -30 days) | 1 123 756 | 984 034 |
| 31 - 60 days | 344 194 | 555 170 |
| 61 - 90 days | 241 457 | 229 408 |
| 91 - 120 days | 243 120 | 203 705 |
| 121 - 365 days | 2 487 377 | 1 522 678 |
| > 365 days | 2 732 718 | 5 573 683 |
| Impairments | (5 123 844) | (7 011 175) |
| | 2 048 778 | 2 057 503 |
| Refuse | | |
| Current (0 -30 days) | 1 362 270 | 1 186 713 |
| 31 - 60 days | 440 825 | 425 402 |
| 61 - 90 days | 296 706 | 282 954 |
| 91 - 120 days | 255 492 | 237 212 |
| 121 - 365 days | 1 920 477 | 1 987 607 |
| > 365 days | 4 147 303 | 5 132 319 |
| Impairments | (5 155 703) | (5 930 663) |
| | 3 267 370 | 3 321 544 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|-------------------|-------------------|
| 10. Trade and other receivables from exchange transactions (continued) | | |
| Other | | |
| Current (0-30 days) | 1 436 210 | 1 427 049 |
| 31 - 60 days | 645 587 | 2 740 773 |
| 61 - 90 days | 464 922 | 968 363 |
| 91 - 120 days | 475 897 | 984 330 |
| 121 - 365 days | 31 307 128 | 7 372 810 |
| > 365 days | 16 398 343 | 53 153 633 |
| Impairments | (47 717 633) | (62 552 984) |
| | 3 010 454 | 4 093 974 |
| VAT | | |
| Current (0 -30 days) | 4 607 317 | 1 669 090 |
| 31 - 60 days | 674 966 | 674 429 |
| 61 - 90 days | 465 028 | 404 909 |
| 91 - 120 days | 443 899 | 380 088 |
| 121 - 365 days | 3 483 346 | 2 585 603 |
| > 365 days | 4 363 998 | 7 414 733 |
| | 14 038 554 | 13 128 852 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|--------------------|--------------------|
| 10. Trade and other receivables from exchange transactions (continued) | | |
| Summary of debtors by customer classification | | |
| Consumer | | |
| Current (0 -30 days) | 21 845 612 | 14 447 128 |
| 31 - 60 days | 50 022 207 | 10 987 421 |
| 61 - 90 days | 5 489 310 | 4 308 731 |
| 91 - 120 days | 5 273 896 | 4 192 190 |
| 121 - 365 days | 97 606 934 | 33 186 160 |
| > 365 days | 76 750 560 | 151 058 281 |
| | <u>256 988 519</u> | <u>218 179 911</u> |
| Less: Provision for debt impairment | (172 669 757) | (177 916 475) |
| | 84 318 762 | 40 263 436 |
| Industrial and business | | |
| Current (0 -30 days) | 18 221 303 | 5 316 503 |
| 31 - 60 days | 1 134 134 | 1 039 630 |
| 61 - 90 days | 706 249 | 865 666 |
| 91 - 120 days | 544 714 | 915 249 |
| 121 - 365 days | 2 118 165 | 4 421 138 |
| > 365 days | 2 983 246 | 15 556 395 |
| | <u>25 707 811</u> | <u>28 114 581</u> |
| Less: Provision for debt impairment | (6 391 508) | (20 101 817) |
| | 19 316 303 | 8 012 764 |
| National and provincial government | | |
| Current (0 -30 days) | 441 566 | 445 945 |
| 31 - 60 days | 250 363 | 109 594 |
| 61 - 90 days | 39 034 | 75 063 |
| 91 - 120 days | 34 662 | 12 911 |
| 121 - 365 days | 114 605 | 231 061 |
| > 365 days | 21 601 | 289 719 |
| | <u>901 831</u> | <u>1 164 293</u> |
| Less: Provision for debt impairment | (198 575) | (531 414) |
| | 703 256 | 632 879 |
| Total | | |
| Current (0 -30 days) | 40 508 482 | 26 805 976 |
| 31 - 60 days | 51 406 704 | 12 136 645 |
| 61 - 90 days | 6 234 593 | 5 257 098 |
| 91 - 120 days | 5 853 271 | 5 120 350 |
| 121 - 365 days | 99 839 703 | 37 802 812 |
| > 365 days | 79 755 407 | 169 917 810 |
| | <u>283 598 160</u> | <u>257 040 691</u> |
| Less: Provision for debt impairment | (180 027 686) | (198 549 705) |
| | 103 570 474 | 58 490 986 |
| Less: Provision for debt impairment | | |
| Current (0 -30 days) | (3 865 347) | (1 434 571) |
| 31 - 60 days | (6 995 773) | (5 125 716) |
| 61 - 90 days | (1 846 809) | (570 420) |
| 91 - 120 days | (5 161 495) | (4 470 356) |
| 121 - 365 days | (94 642 636) | (31 896 104) |
| > 365 days | (67 515 627) | (155 052 540) |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|----------------------|----------------------|
| 10. Trade and other receivables from exchange transactions (continued) | | |
| | (180 027 687) | (198 549 707) |
| Reconciliation of debt impairment provision | | |
| Balance at beginning of the year | (198 549 706) | (238 262 633) |
| Contributions to provision | (26 842 127) | (23 227 941) |
| Debt impairment written off against provision | - | 58 927 653 |
| Reversal of provision | 45 364 146 | 4 013 214 |
| | (180 027 687) | (198 549 707) |
| 11. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 2 585 | 7 282 |
| Bank overdraft | (1 506 507) | (2 839 138) |
| | (1 503 922) | (2 831 856) |
| Current assets | 2 585 | 7 282 |
| Current liabilities | (1 506 507) | (2 839 138) |
| | (1 503 922) | (2 831 856) |

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---|-------------------------|-------------------|-------------------|--------------------|--------------------|----------------|
| | 30 June 2012 | 30 June 2011 | 30 June 2010 | 30 June 2012 | 30 June 2011 | 30 June 2010 |
| Nedbank - Current account (Primary) 145 409 5334 | 353 271 | 2 402 201 | 821 265 | (13 750 675) | (11 240 299) | (8 712 979) |
| Nedbank - Current account (Salaries) 145 409 5393 | 20 273 | 215 188 | 13 861 | (4 403 718) | (439 417) | (3 959 517) |
| Nedbank - Current account (Actaris) - 145 409 5377 | 491 477 | 481 714 | 323 132 | 190 707 | 167 903 | 142 356 |
| Nedbank - Current account (Grants) - 145 409 5407 | 11 891 426 | 2 617 871 | 10 151 004 | 11 891 426 | 793 309 | 8 326 443 |
| Nedbank - Current account (Special projects) - 145 409 5385 | 498 380 | 477 168 | 455 285 | 498 380 | 477 167 | 455 285 |
| Nedbank - Current account (Traffic) - 145 409 8058 | 3 395 797 | 4 324 845 | 2 773 505 | 4 037 538 | 7 358 846 | 3 387 685 |
| Nedbank - Current account (Elandsfontein farm) - 145 409 8031 | 61 624 | 59 586 | 57 522 | 61 624 | 59 649 | 57 582 |
| Nedbank - Current account (Traffic Fines) - 145 411 8679 | 65 595 | 373 663 | 583 187 | (31 304) | (16 297) | 584 539 |
| Petty cash and cash floats | 2 585 | 7 282 | 3 082 | - | - | - |
| FNB - Current account (Primary) - 512 611 35194 | - | - | - | - | - | 47 512 |
| Total | 16 780 428 | 10 959 518 | 15 181 843 | (1 506 022) | (2 839 139) | 328 906 |

12. Housing development fund

| | | |
|-----------------------|------------------|------------------|
| Unappropriate surplus | 3 833 346 | 3 833 346 |
|-----------------------|------------------|------------------|

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------------|-------------------|
| 13. Other financial liabilities | | |
| Held at amortised cost | | |
| DBSA loan | 12 865 476 | 13 906 866 |
| Terms and conditions | | |
| Non-current liabilities | | |
| At amortised cost | 11 652 952 | 12 865 428 |
| Current liabilities | | |
| At amortised cost | 1 212 524 | 1 041 438 |
| | 12 865 476 | 13 906 866 |
| 14. Finance lease obligation | | |
| Minimum lease payments due | | |
| - within one year | 24 221 498 | 2 086 656 |
| - in second to fifth year inclusive | 32 628 862 | 5 545 003 |
| | 56 850 360 | 7 631 659 |
| less: future finance charges | (5 611 535) | (1 115 199) |
| Present value of minimum lease payments | 51 238 825 | 6 516 460 |
| Present value of minimum lease payments due | | |
| - within one year | 20 625 014 | 1 423 716 |
| - in second to fifth year inclusive | 30 613 811 | 5 092 744 |
| | 51 238 825 | 6 516 460 |
| Non-current liabilities | 30 613 811 | 5 092 744 |
| Current liabilities | 20 625 014 | 1 423 716 |
| | 51 238 825 | 6 516 460 |
| It is municipality policy to lease certain motor vehicles and equipment under finance leases. | | |
| The average lease term was 3 years and the average effective borrowing rate was as prime interest. | | |
| 15. Unspent conditional grants and receipts | | |
| Unspent conditional grants and receipts comprises of: | | |
| Unspent conditional grants and receipts | | |
| Dept of Minerals & Energy | - | 623 638 |
| Developers Contribution | 1 496 924 | - |
| Lotto | 696 199 | 1 867 825 |
| MIG | 16 690 509 | 10 549 643 |
| National Dept | 216 537 | 2 378 095 |
| Provincial Dept | 10 906 669 | 3 644 696 |
| Public donation | 3 990 217 | 3 990 217 |
| SRAC | - | 3 574 913 |
| Unspent - Other | 470 000 | 470 000 |
| WRDM | 87 735 | - |
| | 34 554 790 | 27 099 027 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------------|-------------------|
| 15. Unspent conditional grants and receipts (continued) | | |
| Movement during the year | | |
| Municipal Infrastructure Grant | | |
| Balance at the beginning of the year | 10 549 643 | 13 546 459 |
| Additions during the year | 30 284 000 | - |
| Income recognised during the year | (24 143 135) | - |
| | 16 690 508 | 13 546 459 |
| Department of Sports, Recreation, Arts and Culture | | |
| Balance at the beginning of the year | 3 574 913 | 3 342 025 |
| Additions during the year | 2 600 000 | - |
| Income recognised during the year | (6 174 913) | - |
| | - | 3 342 025 |
| Department of Energy | | |
| Balance at the beginning of the year | 623 638 | 1 365 660 |
| Additions during the year | 3 762 000 | - |
| Income recognised during the year | (4 385 638) | - |
| | - | 1 365 660 |
| Department of Water Affairs | | |
| Balance at the beginning of the year | - | 591 842 |
| | - | 591 842 |
| Finance Management Grant | | |
| Balance at the beginning of the year | - | (7 760) |
| Additions during the year | 1 250 000 | - |
| Income recognised during the year | (1 250 000) | - |
| | - | (7 760) |
| West Rand District Municipality | | |
| Balance at the beginning of the year | - | 2 180 330 |
| Additions during the year | 5 386 358 | - |
| Income recognised during the year | (5 298 623) | - |
| | 87 735 | 2 180 330 |
| National departments | | |
| Balance at the beginning of the year | 2 378 095 | - |
| Additions during the year | 800 000 | - |
| Income recognised during the year | (2 961 557) | - |
| | 216 538 | - |
| Gauteng Provincial departments | | |
| Balance at the beginning of the year | 3 644 696 | - |
| Additions during the year | 13 500 000 | - |
| Income recognised during the year | (6 238 027) | - |
| | 10 906 669 | - |
| National Lottery | | |
| Balance at the beginning of the year | 1 867 825 | - |
| Income recognised during the year | (1 171 626) | - |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|------------------|------|
| 15. Unspent conditional grants and receipts (continued) | | |
| | 696 199 | - |
| Public Donation | | |
| Balance at the beginning of the year | 3 990 217 | - |
| | 3 990 217 | - |
| SRAC | | |
| Balance at the beginning of the year | 3 574 913 | - |
| Additions during the year | 2 600 000 | - |
| Income recognised during the year | (6 174 913) | - |
| | - | - |
| Other | | |
| Balance at the beginning of the year | 470 000 | - |
| | 470 000 | - |

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand 2012 2011

16. Provisions

Reconciliation of provisions - 2012

| | Opening Balance | Additions | Total |
|------------------------------|------------------|------------------|-------------------|
| Environmental rehabilitation | 4 064 424 | 406 442 | 4 470 866 |
| Performance bonus | 3 481 027 | 3 757 881 | 7 238 908 |
| | 7 545 451 | 4 164 323 | 11 709 774 |

Reconciliation of provisions - 2011

| | Opening Balance | Additions | Utilised during the year | Reversed during the year | Total |
|------------------------------|------------------|------------------|--------------------------|--------------------------|------------------|
| Environmental rehabilitation | 4 566 378 | - | (501 954) | - | 4 064 424 |
| Provision 1 | 3 152 771 | 3 481 027 | (1 799 885) | (1 352 886) | 3 481 027 |
| | 7 719 149 | 3 481 027 | (2 301 839) | (1 352 886) | 7 545 451 |

Environmental rehabilitation provision

The calculated provision for the restoration over the next four years was done using a rate of 8% based on the following assumptions:

- closure over four years;
- no additional waste will be deposited on site;
- that the closure will start in 2015
- compacting the waste body, constructing a 150mm foundation and gas drainage layer, GCL, 200mm of compacted soil (in 2 x 100mm layers) and covered by 200mm of top soil, with 10% discount; and
- an 8% escalation rate.

Employee benefit cost provision

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph .61.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

17. Trade and other payables from exchange transactions

| | | |
|--------------------------|--------------------|--------------------|
| Trade payables | 111 705 573 | 82 197 750 |
| Retention monies payable | 6 265 907 | 5 137 509 |
| Stores creditors | 583 476 | 469 583 |
| Accrued leave pay | 18 936 842 | 17 992 844 |
| Salaries Control | 523 296 | 6 750 182 |
| | 138 015 094 | 112 547 868 |

18. VAT payable

| | | |
|----------------------|---|-----------|
| Tax refunds payables | - | 2 795 560 |
|----------------------|---|-----------|

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|---|--------------------|--------------------|
| 19. Consumer deposits | | |
| Electricity | 25 509 346 | 23 045 706 |
| Bank guarantees | (1 180 146) | (880 146) |
| | 24 329 200 | 22 165 560 |
| 20. Revenue | | |
| Property rates | 65 093 389 | 70 213 845 |
| Service charges | 424 833 982 | 353 775 827 |
| Rental of facilities & equipment | 1 746 405 | 1 464 542 |
| Interest received – trading | 1 964 056 | 9 071 904 |
| Income from agency services | 13 542 238 | 11 818 036 |
| Public contributions and donations | 580 980 | 852 323 |
| Fines | 7 258 046 | 7 060 246 |
| Licences and permits | 68 840 | 27 122 |
| Government grants & subsidies | 132 710 266 | 132 537 775 |
| | 647 798 202 | 586 821 620 |
| The amount included in revenue arising from exchanges of goods or services are as follows: | | |
| Service charges | 424 833 982 | 353 775 827 |
| Rental of facilities & equipment | 1 746 405 | 1 464 542 |
| Interest received – trading | 1 964 056 | 9 071 904 |
| Income from agency services | 13 542 238 | 11 818 036 |
| Licences and permits | 68 840 | 27 122 |
| | 442 155 521 | 376 157 431 |
| The amount included in revenue arising from non-exchange transactions is as follows: | | |
| Taxation revenue | | |
| Property rates | 65 093 389 | 70 213 845 |
| Public contributions and donations | 580 980 | 852 323 |
| Fines | 7 258 046 | 7 060 246 |
| Transfer revenue | | |
| Levies | 132 710 266 | 132 537 775 |
| | 205 642 681 | 210 664 189 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

21. Property rates

Rates received

| | | |
|------------------------|-------------------|-------------------|
| Assesment rates levied | 106 886 644 | 105 829 782 |
| Less: Income forgone | (41 793 255) | (35 615 937) |
| | 65 093 389 | 70 213 845 |

Valuations

| | | |
|-------------|----------------------|----------------------|
| Residential | 6 429 462 260 | 6 313 607 920 |
| Commercial | 1 700 022 353 | 1 680 520 700 |
| Other | 1 673 276 747 | 1 693 071 773 |
| | 9 802 761 360 | 9 687 200 393 |

Property rates are based on market values of the properties in terms of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004). The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, subdivisions and rezonings.

A general rate as provided for in the Property Rates Policy is applied to property valuations to determine assessment rates. Rebates are granted to certain property owners in accordance with the Property Rates Policy.

Rates are calculated on an annual basis, levied monthly and are payable by the 7th day of the following month. Interest as determined by the South African Revenue Services is levied on outstanding rates.

The new general valuation will be implemented on 01 July 2014. An extension of the valuation roll has been requested from the MEC of Local Government and Housing.

22. Service charges

| | | |
|---------------------------------|--------------------|--------------------|
| Sale of electricity | 297 163 219 | 252 199 551 |
| Sale of water | 72 512 773 | 55 688 276 |
| Sewerage and sanitation charges | 25 180 980 | 21 155 451 |
| Refuse removal | 28 914 236 | 24 259 716 |
| Other service charges | 1 062 774 | 472 833 |
| | 424 833 982 | 353 775 827 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|--------------------|--------------------|
| 23. Government grants and subsidies | | |
| Equitable share | 78 991 000 | 71 502 333 |
| Grants Libraries | 1 472 910 | 184 108 |
| Grant WRDM | 3 452 830 | 3 936 669 |
| Skills Development Levy | 607 950 | 587 435 |
| Municipal Infrastructure Grant | 17 620 413 | 17 434 981 |
| Finance Management Grant | 1 193 674 | 980 161 |
| National Grants | 1 491 299 | 2 064 876 |
| Health Care Grants | 1 551 766 | - |
| Other Operating Grants | 4 153 596 | 2 056 000 |
| Provincial Grants | 15 997 233 | 17 989 243 |
| Provincial Health Subsidy | 3 428 362 | 6 145 710 |
| Municipal Systems Grant | 552 632 | 657 895 |
| Income - VAT portion on grants | 2 196 601 | 6 255 158 |
| Public donations | - | 2 743 206 |
| | 132 710 266 | 132 537 775 |

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a subsidy consisting of a 100% rebate on property rates and taxes, a 100% rebate on refuse and sewer tariffs, 100kW electricity and 10kl water.

The balance of the grant is used in operations.

24. Other income

| | | |
|-----------------------------|------------------|------------------|
| Administrative Charges | 1 777 096 | 1 358 790 |
| Other income | 844 763 | 913 057 |
| New Electricity Connections | 1 278 637 | 297 342 |
| Advertisements | 54 619 | 247 827 |
| Burial Fees | 962 062 | 691 446 |
| Bins Sales | 265 827 | 1 028 364 |
| Tender Documents | 209 429 | 445 732 |
| Regional Master Plans | - | 911 226 |
| Copies | 132 056 | 99 992 |
| Commission | 164 133 | 149 625 |
| Community Facilities | - | 108 |
| Discount Received | 49 349 | 116 807 |
| Study Loan Recovered | 103 297 | 117 817 |
| Parking Meters | 13 150 | 76 670 |
| Town Planning Schemes | 47 249 | 27 828 |
| Unclaimed Monies | 202 727 | 41 095 |
| Clearance Certificates | 7 203 | 15 853 |
| Other revenue | 2 004 338 | 265 787 |
| | 8 115 935 | 6 805 366 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------------|-------------------|
| 25. General expenses | | |
| 50kWH free electricity | 1 348 108 | 1 826 980 |
| 6kl water (free) | 5 505 208 | 5 089 174 |
| Advertising | 859 374 | 1 481 080 |
| Audit Committee Costs | 158 591 | 272 818 |
| Auditors remuneration | 3 276 837 | 1 649 602 |
| Bank charges | 2 738 270 | 1 892 816 |
| Bursary Expenses | - | 494 195 |
| Cleaning | 394 357 | 491 622 |
| Conferences and seminars | 284 130 | 215 707 |
| Consulting and professional fees | 8 673 690 | 10 389 102 |
| Consumables | 562 547 | 503 252 |
| Delegation | 343 259 | 563 485 |
| Electricity | 13 811 732 | 10 223 898 |
| Entertainment | 164 228 | 233 359 |
| Expanded work programme | 577 109 | 2 551 704 |
| Provision for regional master plan | 480 000 | 2 034 632 |
| Ward committee | 301 473 | 226 128 |
| Traffic control expense | 3 242 765 | 4 745 496 |
| Provision Adjustments | 406 623 | - |
| Removal of illegal dumping | 157 011 | 440 649 |
| LED Expenses | 129 012 | 277 095 |
| Recoverable Jobs | 254 315 | (313 701) |
| Farming only | 1 576 506 | 1 963 821 |
| Fuel and oil | 4 111 960 | 3 645 259 |
| Indigent subsidy - Electricity | 46 040 | 54 163 |
| IT expenses | 321 110 | 1 257 668 |
| Indigent subsidy - Assessment rate | 1 582 354 | 2 177 544 |
| Indigent subsidy - Refuse | 7 095 918 | 5 605 151 |
| Indigent subsidy - Sewerage | 5 840 858 | 4 561 180 |
| Indigent subsidy - Two room houses | 63 630 | 59 010 |
| Indigent subsidy - Water | 2 049 544 | 1 718 750 |
| Indigents | 355 990 | 478 902 |
| Insurance | 4 664 042 | 2 568 894 |
| Magazines, books and periodicals | 91 890 | (46 581) |
| Marketing & Communication | 507 174 | 564 230 |
| Medical expenses | 696 208 | 1 216 517 |
| Motor vehicle expenses | 113 800 | - |
| Municipal events and Improvement | 286 087 | 924 785 |
| Other expenses | 2 053 090 | 1 672 895 |
| Pest control | 103 989 | 73 094 |
| Postage and courier | 1 218 676 | 1 260 371 |
| Printing and stationery | 1 518 908 | 1 415 443 |
| Projects | 632 318 | 1 486 150 |
| R1 for R1 Settlement | 112 184 | 84 877 |
| Public participation | 380 798 | 366 404 |
| Refuse | 49 578 | 36 559 |
| Provision for Refuse Bins | 493 460 | 3 653 303 |
| Sewerage and waste disposal | 4 685 | 879 |
| Software expenses | 1 298 293 | 958 267 |
| Sport, parks and recreation facilities | 469 199 | 1 402 425 |
| Stock Adjustment | 767 060 | (129 301) |
| Subscriptions and membership fees | 1 225 643 | 856 908 |
| Telephone and fax | 1 951 200 | 2 550 335 |
| Code of By Laws | 11 120 | 278 537 |
| Water | 5 025 232 | 1 528 128 |
| | 90 387 183 | 89 533 660 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|--------------------|--------------------|
| 26. Employee related costs | | |
| Basic | 120 329 776 | 108 662 893 |
| Bonus | 10 749 381 | 10 062 933 |
| Medical aid - company contributions | 8 723 086 | 8 270 705 |
| UIF | 877 070 | 901 391 |
| SDL | 1 283 329 | 1 170 734 |
| Leave pay provision charge | 4 222 734 | 5 802 921 |
| Uniforms | 1 342 661 | 401 906 |
| Casual Labour | 865 630 | 192 180 |
| Other Allowance | 43 170 | 52 330 |
| Post-employment benefits - Pension - Defined contribution plan | 18 633 170 | 17 474 795 |
| Travel, motor car, accommodation, subsistence and other allowances | 4 153 179 | 3 887 891 |
| Overtime payments | 8 898 220 | 8 206 774 |
| Acting allowances | 331 369 | 214 570 |
| Housing benefits and allowances | 1 615 228 | 1 463 818 |
| Salaries Stand-by | 119 106 | 130 419 |
| Group Insurance | 257 025 | 249 806 |
| Training | 1 468 649 | 1 026 171 |
| Employee Assistance Program & OHSA | 124 464 | 227 586 |
| Study Assistance | 26 600 | 345 702 |
| | 184 063 847 | 168 745 525 |
| Remuneration of Municipal Manager | | |
| Annual Remuneration | 1 041 415 | 936 548 |
| Travelling allowance | 165 959 | 156 461 |
| Performance Bonuses | - | 69 667 |
| Contributions to UIF, Medical and Pension Funds | 2 995 | 2 995 |
| | 1 210 369 | 1 165 671 |
| Remuneration of Chief Finance Officer | | |
| Annual Remuneration | 876 497 | 807 063 |
| Car Allowance | 138 091 | 130 176 |
| Performance Bonuses | - | 127 200 |
| Contributions to UIF, Medical and Pension Funds | - | 2 995 |
| Leave selling | 20 279 | - |
| | 1 034 867 | 1 067 434 |
| Remuneration of Director Infrastructure | | |
| Annual Remuneration | 832 804 | 783 036 |
| Car Allowance | 138 091 | 130 386 |
| Performance Bonuses | - | 92 200 |
| Contributions to UIF, Medical and Pension Funds | 2 995 | 2 995 |
| | 973 890 | 1 008 617 |
| Remuneration of Director Corporate Support Services | | |
| Annual Remuneration | 728 038 | 677 647 |
| Car Allowance | 224 755 | 175 566 |
| Performance Bonuses | - | 98 448 |
| Contributions to UIF, Medical and Pension Funds | 2 995 | 2 995 |
| | 955 788 | 954 656 |
| Remuernation of Director Public Safety | | |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------------|-------------------|
| 26. Employee related costs (continued) | | |
| Annual Remuneration | 860 290 | 723 010 |
| Car Allowance | 110 473 | 104 141 |
| Performance Bonuses | - | 86 789 |
| Contributions to UIF, Medical and Pension Funds | 2 995 | 2 995 |
| | 973 758 | 916 935 |
| Remuneration of Director Social Services | | |
| Annual Remuneration | 807 494 | 670 940 |
| Car Allowance | 126 347 | 119 783 |
| Performance Bonuses | - | 79 051 |
| Contributions to UIF, Medical and Pension Funds | 2 995 | 2 995 |
| Housing subsidy | 39 053 | 39 053 |
| Leave selling | 38 809 | - |
| | 1 014 698 | 911 822 |
| Remuneration of Director Development Planning | | |
| Annual Remuneration | 295 792 | 571 367 |
| Car Allowance | 27 620 | 108 480 |
| Performance Bonuses | - | 106 848 |
| Contributions to UIF, Medical and Pension Funds | 1 996 | 2 496 |
| Leave on resignation | - | 26 230 |
| | 325 408 | 815 421 |
| 27. Remuneration of councillors | | |
| Executive Major | 827 988 | 757 804 |
| Speaker | 623 250 | 532 583 |
| Councillors | 5 257 245 | 4 280 593 |
| Mayoral Committee | 3 456 042 | 2 635 956 |
| Travelling Allowance | 2 625 028 | 1 978 662 |
| | 12 789 553 | 10 185 598 |
| In-kind benefits | | |
| The Executive Mayor, Speaker, the Mayoral Committee Members and the Chairperson of MPAC are full-time. Each is provided with an office and secretarial support at the cost of the Council. | | |
| The Executive Mayor has use of a Council owned vehicle for official duties. | | |
| The Mayor has two full-time bodyguards . | | |
| 28. Debt impairment | | |
| Contributions to debt impairment provision | (20 471 940) | 7 844 491 |
| 29. Investment revenue | | |
| Interest revenue | | |
| Interest source 1 | 1 332 736 | 2 020 084 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|-------------|-------------|
| 30. Fair value adjustments | | |
| Biological assets - (Fair value model) | 920 933 | (35 707) |
| 31. Depreciation and amortisation | | |
| Property, plant and equipment | 107 851 802 | 102 346 963 |

32. Impairment of assets

[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed:]

The main classes of assets affected by impairment losses are:

The main classes of assets affected by reversals of impairment losses are:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

The main events and circumstances that led to the reversals of these impairment losses are as follows:

Value in use

Provide: A description of each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.

A description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.

The period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (group of units), an explanation of why that longer period is justified.

The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the municipality operates, or for the market to which the unit (group of units) is dedicated.

The discount rate(s) applied to the cash flow projections was -% (2011:14%).

Sensitivity of key assumptions

Material impairment losses recognised or reversed

33. Finance costs

| | | |
|--------------------------|-------------------|------------------|
| Trade and other payables | 4 242 250 | - |
| Finance leases | 3 752 257 | - |
| Current borrowings | 6 226 033 | 5 967 091 |
| | 14 220 540 | 5 967 091 |

34. Auditors' remuneration

| | | |
|------|-----------|-----------|
| Fees | 3 276 837 | 1 649 602 |
|------|-----------|-----------|

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|--------------------|--------------------|
| 35. Rental of facilities and equipment | | |
| Facilities and equipment | | |
| Rental of equipment | 114 611 | 279 637 |
| Rental of buildings | 281 648 | 397 758 |
| Rental Facilities | 6 867 | - |
| Rental land | 111 510 | 138 795 |
| Rental housing | 1 231 769 | 648 352 |
| | 1 746 405 | 1 464 542 |
| 36. Contracted services | | |
| Credit Control Cost | 4 009 829 | 3 324 493 |
| Leases - Vehicles | (369 113) | 4 332 061 |
| Pre-paid vending costs | 5 420 879 | 4 515 177 |
| Westonaria Sewerage Disposal | 7 199 523 | 7 199 523 |
| Leases - Office Equipment | 1 941 635 | 1 151 715 |
| Private contractor | 2 396 019 | 3 221 896 |
| Security services | 6 721 277 | 4 289 762 |
| | 27 320 049 | 28 034 627 |
| 37. Grants and subsidies paid | | |
| Other subsidies | | |
| S.P.C.A | 400 000 | 475 000 |
| 38. Bulk purchases | | |
| Electricity | 229 181 879 | 180 394 128 |
| Water | 42 272 796 | 36 253 158 |
| | 271 454 675 | 216 647 286 |
| 39. Cash generated from operations | | |
| Deficit | (44 081 985) | (60 709 656) |
| Adjustments for: | | |
| Depreciation and amortisation | 107 851 802 | 102 346 963 |
| Gain on sale of assets and liabilities | 3 173 933 | 6 068 |
| Fair value adjustments | (920 933) | 35 707 |
| Finance costs - Finance leases | 3 752 257 | - |
| Debt impairment | (20 471 940) | 7 844 491 |
| Movements in retirement benefit assets and liabilities | 785 559 | (24 802 670) |
| Movements in provisions | 4 164 323 | (7 892 848) |
| Other non-cash items | - | (3 876 137) |
| Correction of prior year error | 16 357 047 | 105 030 849 |
| Public contributions and donations | (580 980) | (852 323) |
| Changes in working capital: | | |
| Inventories | (22 388) | 10 153 610 |
| Trade and other receivables from non-exchange transactions | 6 178 696 | (8 410 259) |
| Trade and other receivables from exchange transactions | (24 607 548) | (4 325 274) |
| Prepayments | - | 1 886 505 |
| Trade and other payables from exchange transactions | 25 467 226 | (28 427 024) |
| VAT | (4 624 233) | (13 848 558) |
| Unspent conditional grants and receipts | 7 455 763 | (53 552 188) |
| Consumer deposits | 2 163 640 | (17 201 946) |
| | 82 040 239 | 3 405 310 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

40. Commitments

Authorised capital expenditure

Already contracted for but not provided for

| | | |
|---------------------------------|------------|------------|
| • Property, plant and equipment | 74 079 673 | 16 798 421 |
|---------------------------------|------------|------------|

This committed expenditure relates to Infrastructure and Community asset and will be financed by retained surpluses and external funding.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

41. Contingencies

Mrs Marina Nolte claimed for injuries sustained in June 2004 at the show hall due to stepping in a hole at the show ground which is the premises of the municipality. The estimated cost of the claim is R1,200,000.

Kingfisher Outdoor Products claimed interest in respect of incorrect billing to the amount of R149,475 which was referred to the Public Protector.

Lubbe Construction (Pty) Ltd claim payment for services rendered after the municipality won the matter at the High Court, however the applicant took the matter on appeal to the amount of R16,672,304.74.

Insurance claims to the value of R47,708 submitted to the insurers where the outcome is unknown.

A claim against the municipality in respect of vehicle damage due to potholes to the amount of R7,500 from SM Thabalaka.

A claim against the municipality in respect of vehicle damage due to potholes to the amount of R30,000 from PJ de Wet.

A claim in respect of third party injury to the value of R1,483 from Ms L Grové.

Personal injury claim by M G Mahobane resulting from roads and stormwater construction activities to the value of R34,300.

A claim by Zimasile Investments CC regarding injury to an employee by residents while doing work on behalf of the municipality to the value of R61,140.

A claim to the value of R25,606 by H Kluyts for damages to a vehicle as a result of traffic signs not properly marked.

The matter for unlawful / wrongful arrests by LCM Orton to the value of R100,000, currently pending in magistrate court.

A claim by Mrs AS Luthers for constructive dismissal to the value of R30,000, which is pending with the Bargaining Council.

A claim by Yebo Gogo motors for storage to the amount of R30,000 where a vehicle of the municipality is held as security.

RJ Panelbeaters claims an amount of R31,831 from the municipality for services rendered which will be settled in court due to a dispute.

Aranda Textile claim loss of income to the amount of R612,513 due to power outages, however, matter was postponed by applicant indefinitely.

Khumalo and others claimed unfair dismissal to the value of R50,000, which was referred to the SALGBC.

TG Mpompi claimed R75,000 in respect of the interpretation of the collective agreement.

A claim by Mokhele in respect of the interpretation of the collective agreement where the applicant was dismissed to the value of R140,000.

E Mako claimed R520,000 against the municipality in respect of the placement policy of the municipality.

An unfair dismissal claim by Mr T Luthers to the value of R2,500,000

LT Mogapi claim in respect of interpretation of collective agreement to the value of R290,000

An unfair dismissal claim by J Kolo to the value of R39,106. Arbitration awarded in applicant's favour, however, the municipality filed a review application in the Labour Court.

An unfair dismissal claim by D Tihapane to the value of R851,592 where the ruling was in the municipality's favour. The ruling was challenged and the municipality is awaiting new ruling after objecting.

An unfair dismissal claim by S Makhale to the value of R2,925,000. A claim to the value of R6,5 million against the municipality for an eviction application. The municipality won at Appeal Court, however, the matter was reverted to the high court for oral evidence.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

41. Contingencies (continued)

FW Heppner brought an eviction application against CS Malefane wherein the municipality is the third defendant. The applicant seeks that the municipality provide alternative accommodation for the CS Malefane. The amount of this application cannot be quantified currently.

42. Related parties

Relationships

Accounting Officer

Refer to accounting officer's report page 7

Mayor, Speaker, Council Whip, Chairperson of MPAC, Councillors, Municipal Manager and Section 57 Managers and other Municipality within the West Rand District Area.

Related party transactions

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated.

Services Rendered to Related Parties

30 June 2012

| | Rates and Services Charges |
|---|----------------------------|
| Councillors | 157 114 |
| Municipal manager & Section 57 appointments | 21 582 |
| Westrand District Municipality | 2 244 116 |
| | 2 422 812 |

30 June 2011

| | Rates and Services Charged |
|--|----------------------------|
| Councillors | 219 569 |
| Municipal managers & section 57 appointments | 23 098 |
| West Rand District Municipality | 1 925 925 |
| | 2 168 592 |

Figures in Rand

| | 2012 | 2011 |
|-------------|-------|---------|
| Councillors | 9 384 | 232 108 |

Sure Blake Travel is a travel agent owned by a Councillor. This is the only travel agency in Randfontein hence transactions were done with the related party. The municipality has ceased to use the travel agency in the year under review.

| | | |
|-------------------------------|-----------|-----------|
| Westonaria Local Municipality | 8 207 456 | 8 207 456 |
|-------------------------------|-----------|-----------|

The sewer for the suburb of Mohlakeng is discharged to Westonaria Local Municipality for processing. The Westonaria Local Municipality therefore renders sanitation services on behalf of the Randfontein Local Municipality.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

43. Prior period errors

The following errors relating to the previous financial year were identified and corrected in the current year as detailed below:

Statement of financial position:

Inventories: Correction of the value of substores

Other financial assets: Correction the value of Call account

Trade and other receivable from non-exchange transaction: Correction of provision for bad debt

Trade and other receivable from exchange transaction: Correction of billing errors

Property, plant and equipment: Non-municipal assets included in the municipality's fixed asset register

Finance lease obligation: Correction of the disclosures for current portion of lease liability

Trade and other payable exchange transactions: Corrections to creditors

VAT payable: Corrections to VAT not claimed

Accumulated surplus: Cumulative effect of all prior-period adjustments

Statement of Financial Performance:

Depreciation: Adjustment journals to correct useful lives

Employee related costs: Correct bonus payments

Repairs and maintenance: Transfer expenditure to capital expenditure

Inventory: Substore adjustments

Depreciation and impairment: Adjust contribution for impairment

VAT receivable: Amounts not claimed corrected

Trade and other payables: Accruals not accountedt

Service charges: Billing adjustments

Investment income: Interest on call accounts corrected

The correction of the error(s) results in adjustments as follows:

Statement of financial position

| | | |
|--|---|--------------|
| Inventories | - | 1 954 178 |
| Other financial assets | - | (163 537) |
| Trade and other receivable from non-exchange transaction | - | 7 733 041 |
| Trade and other receivable from exchange transaction | - | 12 010 506 |
| Property, plant and equipment | - | 3 159 408 |
| Investment property | - | (324 561) |
| Intangible assets | - | 47 466 |
| Finance lease obligation | - | (544 326) |
| Current portion of lease obligation | - | 755 460 |
| Trade and other payable exchange transactions | - | (12 732 555) |
| VAT payable | - | 4 611 798 |
| Other financial assets | - | (42 782) |
| Other current financial liabilities | - | 2 503 002 |
| Accumulated surplus | - | (18 967 098) |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|--|------|-------------|
| 43. Prior period errors (continued) | | |
| Statement of Financial Performance | | |
| Service charges | - | (5 470 437) |
| Interest earned - external investment | - | 163 537 |
| Employee related costs | - | (425 277) |
| Remuneration of councillors | - | (21 208) |
| Depreciation and amortisation | - | (443 197) |
| Finance costs | - | (1 216 517) |
| Debt impairment | - | (5 333 273) |
| Repairs and maintenance | - | (3 239 641) |
| General expenses | - | (1 852 233) |

44. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Risk from biological assets

The municipality is exposed to financial risks arising from changes in milk prices. The municipality does not anticipate that milk prices will decline significantly in the foreseeable future. The municipality has not entered into derivative contracts to manage the risk of a decline in milk prices. The municipality reviews its outlook for milk prices regularly in considering the need for active financial risk management.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

45. Going concern

We draw attention to the fact that at 30 June 2012, the municipality had accumulated surpluses of R 2 476 581 052. The implemented budgeted tariffs since the inception of GRAP, could not cover the cost of replacement of assets and consequently the municipality has been operating at a deficit, due to the non-cash item of depreciation included in the Statement of Financial Position. The municipality must phase the cost of replacement of assets into the tariffs to ensure affordability to the community, whilst still ensuring adequate service delivery in terms of bulk infrastructure property, plant and equipment.

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

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| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

45. Going concern (continued)

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

46. Events after the reporting date

To the best of my knowledge there were no major events that have a bearing on the financial statements at the reporting date.

47. Unauthorised expenditure

| | | |
|--------------------------|---------|---|
| Unauthorised expenditure | 208 050 | - |
|--------------------------|---------|---|

2012t

Unauthorised expenditure was incurred in respect of the Development of a Truck Stop Facility which was not included in the budget for capital projects for the year ended 30 June 2012

48. Fruitless and wasteful expenditure

| | | |
|----------------------------------|-----------|---|
| Interest on arrear Eskom account | 4 223 617 | - |
|----------------------------------|-----------|---|

49. Irregular expenditure

| | | |
|---|----------------|----------------|
| Opening balance | 656 236 | - |
| Add: Irregular Expenditure - current year | 54 918 | 656 236 |
| | 711 154 | 656 236 |

Analysis of expenditure awaiting condonation per age classification

| | | |
|--------------|----------------|----------------|
| Current year | 54 919 | 656 236 |
| Prior years | 656 236 | - |
| | 711 155 | 656 236 |

Details of irregular expenditure – current year

| | Disciplinary steps taken/criminal proceedings | |
|---|--|--------|
| In addition to services rendered by Breezewood for the repairs done in respect of artifacts of the municipality, 18 paintings were also repaired that in progress was not part of the original order to the service provider. | Disciplinary action against the Manager SRACLIS and the Art and Culture Coordinator is | 54 919 |

50. In-kind donations and assistance

| 2012 | Amount |
|--|----------------|
| Three Eductainers for Zenzele, OR Tambo and Badirile | 600 000 |
| Fencing at Zenzele ECD | 20 000 |
| Two gas stoves for Zenzele | 4 000 |
| Donation for year-end function | 10 000 |
| Eight toilets from Amalooloo for the two ECD's in Badirile and Zenzele | 23 200 |
| | 657 200 |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

| Figures in Rand | 2012 | 2011 |
|-----------------|------|------|
|-----------------|------|------|

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|------------------------------|-------------|-----------|
| Opening balance | - | 102 515 |
| SALGA membership fees | 1 329 665 | 900 770 |
| Amount paid - current year | (1 329 665) | (900 770) |
| Amount paid - previous years | - | (102 515) |
| | <u>-</u> | <u>-</u> |

Audit fees

| | | |
|---------------------------------|----------------|---------------|
| Opening balance | 41 689 | 117 539 |
| Current year subscription / fee | 3 985 124 | 1 880 547 |
| Amount paid - current year | (3 865 257) | (1 956 397) |
| | <u>161 556</u> | <u>41 689</u> |

VAT

| | | |
|----------------|------------------|------------------|
| VAT receivable | 1 828 673 | - |
| VAT payable | - | 2 795 560 |
| | <u>1 828 673</u> | <u>2 795 560</u> |

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

| 30 June 2012 | Outstanding less than 90 days R | Outstanding more than 90 days R | Total R |
|-----------------------------|--|--|---------------|
| Councillor Jerminah Kutoane | <u>2 138</u> | <u>15 962</u> | <u>18 100</u> |

The term of office of the new Council started in May 2011. Cllr J Kutoane has made an arrangement with the Municipality to settle her arrears. The arrangement is being met.

| 30 June 2011 | Outstanding less than 90 days R | Outstanding more than 90 days R | Total R |
|----------------------------|--|--|---------------|
| Cllr Sipho Handula | 1 028 | - | 1 028 |
| Cllr Thomas Mananiso | 2 960 | - | 2 960 |
| Cllr Lesego Mochimo-Motsau | 876 | - | 876 |
| Cllr Lazarus Matshuisa | 365 | - | 365 |
| Cllr Jerminah Kutoane | 1 115 | 21 706 | 22 821 |
| Cllr Bernard Rooskrantz | 1 480 | - | 1 480 |
| | <u>7 824</u> | <u>21 706</u> | <u>29 530</u> |

Randfontein Local Municipality

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|-----------------|------|------|
|-----------------|------|------|

51. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned. Refer to Appendix G for detailed information.

Incident

Refer to appendix G for detailed information

| | |
|----------------|----------|
| 757 037 | - |
| - | - |
| 757 037 | - |

52. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

53. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E(2) for the comparison of actual capital expenditure versus budgeted expenditure.

54. Rental of Equipment and Facilities

| | | |
|---------------------|------------------|------------------|
| Rental of equipment | 114 611 | 279 637 |
| Rental of buildings | 281 648 | 397 758 |
| Rental Facilities | 6 867 | - |
| Rental land | 111 510 | 138 795 |
| Rental housing | 1 231 769 | 648 352 |
| | 1 746 405 | 1 464 542 |

55. Distribution losses in respect of Electricity

| 2012 | Kilowatts | R-value | Percentage |
|-------------|------------|------------|------------|
| Electricity | 54 373 484 | 21 841 949 | 13 % |
| 2011 | Kilowatts | R-value | Percentage |
| Electricity | 79 128 951 | 24 755 864 | 20 % |

56. Distribution losses in respect of Water

| 2012 | Kilolitres | R-value | Percentage |
|-------|------------|-----------|------------|
| Water | 244 838 | 1 790 328 | 3 % |
| 2011 | Kilolitres | R-value | Percentage |
| Water | 445 612 | 1 779 084 | 5 % |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

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57. Statement of comparative and actual information

2012

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final budget | Actual outcome | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|----------------------|---|----------------------|----------------------|---------------------|---|---|
| Financial Performance | | | | | | | |
| Property rates | 86 832 195 | 82 332 195 | 82 332 195 | 65 093 389 | 17 238 806 | 79 % | 75 % |
| Service charges | 413 569 226 | 465 093 848 | 465 093 848 | 424 833 982 | 40 259 866 | 91 % | 103 % |
| Investment revenue | 17 087 333 | 17 723 651 | 17 723 651 | 1 332 736 | 16 390 915 | 8 % | 8 % |
| Transfers recognised - operational | 98 183 169 | 101 194 089 | 101 194 089 | 132 710 266 | (31 516 177) | 131 % | 135 % |
| Other own revenue | 88 778 653 | 39 672 646 | 39 672 646 | 39 427 979 | 244 667 | 99 % | 44 % |
| Total revenue (excluding capital transfers and contributions) | 704 450 576 | 706 016 429 | 706 016 429 | 663 398 352 | 42 618 077 | 94 % | 94 % |
| Employee costs | (190 976 605) | (193 464 901) | (193 464 901) | (184 063 847) | (9 401 054) | 95 % | 96 % |
| Remuneration of councillors | (12 729 761) | (13 589 761) | (13 589 761) | (12 789 553) | (800 208) | 94 % | 100 % |
| Debt impairment | - | (34 842 235) | (34 842 235) | 20 471 940 | (55 314 175) | (59)% | - % |
| Depreciation and asset impairment | (5 262 428) | (108 715 559) | (108 715 559) | (107 851 802) | (863 757) | 99 % | 2 049 % |
| Finance charges | (2 222 010) | (2 722 009) | (2 722 009) | (14 220 540) | 11 498 531 | 522 % | 640 % |
| Materials and bulk purchases | (256 812 071) | (256 812 071) | (256 812 071) | (271 454 675) | 14 642 604 | 106 % | 106 % |
| Transfers and grants | (1 100 000) | (1 100 000) | (1 100 000) | (400 000) | (700 000) | 36 % | 36 % |
| Other expenditure | (235 347 701) | (185 636 581) | (185 636 581) | (137 752 840) | (47 883 741) | 74 % | 59 % |
| Total expenditure | (704 450 576) | (796 883 117) | (796 883 117) | (708 061 317) | (88 821 800) | 89 % | 101 % |
| Surplus/(Deficit) | - | (90 866 688) | (90 866 688) | (44 662 965) | (46 203 723) | 49 % | - % |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

57. Statement of comparative and actual information (continued)

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final budget | Actual outcome | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|--------------------|---|---------------------|---------------------|---------------------|---|---|
| Contributions recognised - capital and contributed assets | - | - | - | 580 980 | (580 980) | - % | - % |
| Surplus (Deficit) after capital transfers and contributions | - | (90 866 688) | (90 866 688) | (44 081 985) | (46 784 703) | 49 % | - % |
| Surplus/(Deficit) for the year | - | (90 866 688) | (90 866 688) | (44 081 985) | (46 784 703) | 49 % | - % |

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

57. Statement of comparative and actual information (continued)

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final budget | Actual outcome | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|--------------------|---|--------------------|-------------------|-------------------|---|---|
| Capital expenditure and funds sources | | | | | | | |
| Total capital expenditure | - | - | - | 65 429 222 | (65 429 222) | - % | - % |
| Sources of capital funds | | | | | | | |
| Transfers recognised - capital | 59 886 824 | 61 743 143 | 61 743 143 | 29 655 654 | 32 087 489 | 48 % | 50 % |
| Internally generated funds | 52 410 000 | 38 920 000 | 38 920 000 | 18 795 905 | 20 124 095 | 48 % | 36 % |
| Total sources of capital funds | 112 296 824 | 100 663 143 | 100 663 143 | 48 451 559 | 52 211 584 | 48 % | 43 % |

58. Additional Note

Randfontein Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Income Statement for Agricultural Activities

| Figures in Rand | Note(s) | 2012 | 2011 |
|---|---------|--------------------|--------------------|
| Cost of sales | | | |
| Opening stock | | (202 500) | (80 000) |
| Purchases | | 94 433 | (122 500) |
| Closing stock | | 108 067 | 202 500 |
| | | <u>-</u> | <u>-</u> |
| Other income | | | |
| Other farming income | | 1 717 615 | 1 423 946 |
| | | <u>1 717 615</u> | <u>1 423 946</u> |
| Operating expenses | | | |
| Veterinary services and supplies | | (3 180) | - |
| Other farming expenses 1 | | (1 573 326) | (1 963 821) |
| | | <u>(1 576 506)</u> | <u>(1 963 821)</u> |
| Operating surplus (deficit) | | <u>141 109</u> | <u>(539 875)</u> |
| Surplus (deficit) before taxation from agricultural activities | | <u>141 109</u> | <u>(539 875)</u> |

Randfontein Local Municipality
Appendix A

Schedule of external loans as at 30 June 2010

| Loan Number | Redeemable | Balance at 30 June 2011 | Received during the period | Redeemed written off during the period | Balance at 30 June 2012 | Carrying Value of Property, Plant & Equip Rand | Other Costs in accordance with the MFMA Rand |
|---|-------------------|--------------------------------|-----------------------------------|---|--------------------------------|---|---|
| | | Rand | Rand | Rand | Rand | | |
| Development Bank of South Africa | | | | | | | |
| 1 | | 13 906 866 | - | 1 041 390 | 12 865 476 | - | - |
| | | 13 906 866 | - | 1 041 390 | 12 865 476 | - | - |
| Lease liability | | | | | | | |
| Avis Fleet Services | | 844 941 | - | 435 728 | 409 213 | - | - |
| Rentworks Africa (Pty) Ltd | | 21 395 | - | 21 395 | - | - | - |
| Standard Bank of SA Ltd | | 5 650 124 | 54 888 083 | 10 345 336 | 50 192 871 | - | - |
| Nedbank Limited | | - | 636 742 | - | 636 742 | - | - |
| | | 6 516 460 | 55 524 825 | 10 802 459 | 51 238 826 | - | - |
| Total external loans | | | | | | | |
| Development Bank of South Africa | | 13 906 866 | - | 1 041 390 | 12 865 476 | - | - |
| Lease liability | | 6 516 460 | 55 524 825 | 10 802 459 | 51 238 826 | - | - |
| | | 20 423 326 | 55 524 825 | 11 843 849 | 64 104 302 | - | - |

Randfontein Local Municipality
Randfontein Local Municipality
Appendix B

Analysis of classes of assets as at 30 June 2012

Cost/Revaluation

Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---------------------------|----------------------------|-------------------|--------------------|-------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Land and buildings | | | | | | | | | | | | | | |
| Infrastructure | | | | | | | | | | | | | | |
| Roads | 1 700 490 873 | 123 251 | - | - | - | - | 1 700 614 124 | (580 351 217) | - | - | (31 656 753) | - | (612 007 970) | 1 088 606 154 |
| Water | 127 146 312 | - | - | - | - | - | 127 146 312 | (70 222 372) | - | - | (2 537 151) | - | (72 759 523) | 54 386 789 |
| Electricity Reticulation | 1 513 481 545 | 4 926 352 | - | - | - | - | 1 518 407 897 | (690 279 587) | - | - | (36 299 182) | - | (726 578 769) | 791 829 128 |
| Sewerage purification | 397 668 479 | 763 539 | - | - | - | - | 398 432 018 | (185 325 598) | - | - | (6 134 416) | - | (191 460 014) | 206 972 004 |
| Security measures | 7 581 | - | - | - | - | - | 7 581 | (1 288) | - | - | 497 | - | (791) | 6 790 |
| | 3 738 794 790 | 5 813 142 | - | - | - | - | 3 744 607 932 | 1 526 180 062 | - | - | (76 627 005) | - | 1 602 807 067 | 2 141 800 865 |
| Community Assets | | | | | | | | | | | | | | |
| Buildings | 83 200 546 | 8 493 | - | - | - | - | 83 209 039 | (47 020 600) | - | - | (3 051 154) | - | (50 071 754) | 33 137 285 |
| Community facilities | 219 440 614 | 4 007 216 | - | - | - | - | 223 447 830 | (90 527 309) | - | - | (6 100 167) | - | (96 627 476) | 126 820 354 |
| Library books | 13 505 226 | 1 096 967 | (3 567 327) | - | - | - | 11 034 866 | (3 901 248) | 1 465 054 | - | (1 522 973) | - | (3 959 167) | 7 075 699 |
| Recreational facilities | 115 854 060 | - | - | - | - | - | 115 854 060 | (57 498 625) | - | - | (6 485 026) | - | (63 983 651) | 51 870 409 |
| Social rental housing | 185 274 815 | - | - | - | - | - | 185 274 815 | (110 554 076) | - | - | (4 547 410) | - | (115 101 486) | 70 173 329 |
| | 617 275 261 | 5 112 676 | (3 567 327) | - | - | - | 618 820 610 | (309 501 858) | 1 465 054 | - | (21 706 730) | - | (329 743 534) | 289 077 076 |

Randfontein Local Municipality
Randfontein Local Municipality
Appendix B

Analysis of classes of assets as at 30 June 2012

Cost/Revaluation

Accumulated depreciation

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|---|----------------------------|-------------------|--------------------|-------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Heritage assets | | | | | | | | | | | | | | |
| Paintings | 397 920 | - | (132 199) | - | - | - | 265 721 | (2 240) | - | - | (44 780) | - | (47 020) | 218 701 |
| | 397 920 | - | (132 199) | - | - | - | 265 721 | (2 240) | - | - | (44 780) | - | (47 020) | 218 701 |
| Leased assets | | | | | | | | | | | | | | |
| Leased assets | 9 297 867 | 56 679 629 | (548 273) | - | - | - | 65 429 223 | (2 135 970) | 362 571 | - | (9 362 439) | - | (11 135 838) | 54 293 385 |
| | 9 297 867 | 56 679 629 | (548 273) | - | - | - | 65 429 223 | (2 135 970) | 362 571 | - | (9 362 439) | - | (11 135 838) | 54 293 385 |
| Other assets | | | | | | | | | | | | | | |
| General vehicles | 5 733 248 | - | (328 537) | - | - | - | 5 404 711 | (3 377 177) | 296 675 | - | (93 986) | 10 267 533 | 7 093 045 | 12 497 756 |
| Plant & equipment | 18 000 090 | 1 054 287 | (1 681 513) | - | - | - | 17 372 864 | (6 530 674) | 1 007 095 | - | (117 775) | - | (5 641 354) | 11 731 510 |
| Furniture & Fittings | 4 462 771 | 1 338 043 | (288 872) | - | - | - | 5 511 942 | (1 937 066) | 277 223 | - | 43 696 | - | (1 616 147) | 3 895 795 |
| Office Equipment | 10 267 533 | 1 452 932 | (1 019 654) | - | - | - | 10 700 811 | (5 902 143) | 983 832 | - | 843 073 | - | (4 075 238) | 6 625 573 |
| Bins and Containers | 275 658 | - | - | - | - | - | 275 658 | (93 232) | - | - | 7 742 | - | (85 490) | 190 168 |
| Minor assets | 476 413 | 68 038 | (7 960) | - | - | - | 536 491 | (376 602) | 7 951 | - | (118 074) | - | (486 725) | 49 766 |
| Emergency equipment' | 12 540 | - | - | - | - | - | 12 540 | (6 265) | - | - | (537) | - | (6 802) | 5 738 |
| | 39 228 253 | 3 913 300 | (3 326 536) | - | - | - | 39 815 017 | (18 223 159) | 2 572 776 | - | 564 139 | 10 267 533 | (4 818 711) | 34 996 306 |
| Total property plant and equipment | | | | | | | | | | | | | | |
| Infrastructure | 3 738 794 790 | 5 813 142 | - | - | - | - | 3 744 607 932 | (1 526 180 062) | - | - | (76 627 005) | - | (1 602 807 067) | 2 141 800 865 |
| Community Assets | 617 275 261 | 5 112 676 | (3 567 327) | - | - | - | 618 820 610 | (309 501 858) | 1 465 054 | - | (21 706 730) | - | (329 743 534) | 289 077 076 |
| Heritage assets | 397 920 | - | (132 199) | - | - | - | 265 721 | (2 240) | - | - | (44 780) | - | (47 020) | 218 701 |
| Leased assets | 9 297 867 | 56 679 629 | (548 273) | - | - | - | 65 429 223 | (2 135 970) | 362 571 | - | (9 362 439) | - | (11 135 838) | 54 293 385 |
| Other assets | 39 228 253 | 3 913 300 | (3 326 536) | - | - | - | 39 815 017 | (18 223 159) | 2 572 776 | - | 564 139 | 10 267 533 | (4 818 711) | 34 996 306 |
| | 4 404 994 091 | 71 518 747 | (7 574 335) | - | - | - | 4 468 938 503 | (1 856 043 289) | 4 400 401 | - | (107 176 815) | 10 267 533 | (1 948 552 170) | 2 520 386 333 |
| Agricultural/Biological assets | | | | | | | | | | | | | | |
| Agricultural | - | 574 933 | - | - | - | - | 574 933 | - | - | - | - | - | - | 574 933 |
| Biological assets | 858 900 | - | - | - | 345 000 | - | 1 203 900 | - | - | - | - | - | - | 1 203 900 |
| | 858 900 | 574 933 | - | - | 345 000 | - | 1 778 833 | - | - | - | - | - | - | 1 778 833 |
| Intangible assets | | | | | | | | | | | | | | |
| Computers - software & programming | 3 184 456 | 2 408 | - | - | - | - | 3 186 864 | (1 804 781) | - | - | (818 495) | - | (2 623 276) | 563 588 |
| Servitudes | 36 039 722 | - | - | - | - | - | 36 039 722 | - | - | - | - | - | - | 36 039 722 |
| | 39 224 178 | 2 408 | - | - | - | - | 39 226 586 | (1 804 781) | - | - | (818 495) | - | (2 623 276) | 36 603 310 |
| Investment properties | | | | | | | | | | | | | | |
| Investment property | 13 144 000 | 324 561 | - | - | - | - | 13 468 561 | - | - | - | - | - | - | 13 468 561 |
| | 13 144 000 | 324 561 | - | - | - | - | 13 468 561 | - | - | - | - | - | - | 13 468 561 |

Randfontein Local Municipality
Randfontein Local Municipality
Appendix B

Analysis of classes of assets as at 30 June 2012

Cost/Revaluation

Accumulated depreciation

Total

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment loss Rand | Closing Balance Rand | Carrying value Rand |
|--------------------------------|----------------------------|-------------------|--------------------|-------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Infrastructure | 3 738 794 790 | 5 813 142 | - | - | - | - | 3 744 607 932 | 1 526 180 062 | - | - | (76 627 005) | - | 1 602 807 067 | 2 141 800 865 |
| Community Assets | 617 275 261 | 5 112 676 | (3 567 327) | - | - | - | 618 820 610 | (309 501 858) | 1 465 054 | - | (21 706 730) | - | (329 743 534) | 289 077 076 |
| Heritage assets | 397 920 | - | (132 199) | - | - | - | 265 721 | (2 240) | - | - | (44 780) | - | (47 020) | 218 701 |
| Leased assets | 9 297 867 | 56 679 629 | (548 273) | - | - | - | 65 429 223 | (2 135 970) | 362 571 | - | (9 362 439) | - | (11 135 838) | 54 293 385 |
| Other assets | 39 228 253 | 3 913 300 | (3 326 536) | - | - | - | 39 815 017 | (18 223 159) | 2 572 776 | - | 564 139 | 10 267 533 | (4 818 711) | 34 996 306 |
| Agricultural/Biological assets | 858 900 | 574 933 | - | - | 345 000 | - | 1 778 833 | - | - | - | - | - | - | 1 778 833 |
| Intangible assets | 39 224 178 | 2 408 | - | - | - | - | 39 226 586 | (1 804 781) | - | - | (818 495) | - | (2 623 276) | 36 603 310 |
| Investment properties | 13 144 000 | 324 561 | - | - | - | - | 13 468 561 | - | - | - | - | - | - | 13 468 561 |
| Total | 4 458 221 169 | 72 420 649 | (7 574 335) | - | 345 000 | - | 4 523 412 483 | 1 857 848 070 | 4 400 401 | - | (107 995 310) | 10 267 533 | 1 951 175 446 | 2 572 237 037 |

Randfontein Local Municipality Appendix C

| Segmental analysis of total assets as at 30 June 2012 | |
|---|--------------------------|
| Cost/Revaluation | Accumulated Depreciation |

| | Opening Balance Rand | Additions Rand | Disposals Rand | Transfers Rand | Revaluations Rand | Other changes, movements Rand | Closing Balance Rand | Opening Balance Rand | Disposals Rand | Transfers Rand | Depreciation Rand | Impairment deficit Rand | Closing Balance Rand | Carrying value Rand |
|---------------------------------|----------------------------|-----------------------|-----------------------|-----------------------|--------------------------|-------------------------------------|----------------------------|----------------------------|-----------------------|-----------------------|--------------------------|--------------------------------|----------------------------|---------------------------|
| | | | | | | | | | | | | | | |
| Municipality | | | | | | | | | | | | | | |
| Budget and Treasury | 4 136 823 | 262 966 | (380 250) | - | - | - | 4 019 539 | (3 070 728) | 310 746 | - | 529 479 | - | (2 230 503) | 1 789 036 |
| Corporate Support Services | 8 643 965 | 1 752 082 | (148 225) | - | - | - | 10 247 822 | (4 145 850) | 116 050 | - | (374 190) | - | (4 403 990) | 5 843 832 |
| Development Planning | 375 910 503 | 417 544 | (228 297) | - | - | - | 376 099 750 | (203 505 348) | 201 748 | - | (11 033 413) | - | (214 337 013) | 161 762 737 |
| Electricity | 1 355 175 708 | 14 256 091 | (646 743) | - | - | - | 1 368 785 056 | (607 996 242) | 646 724 | - | (31 799 511) | - | (639 149 029) | 729 636 027 |
| Executive and Council | 3 008 794 | 1 064 356 | (225 948) | - | - | - | 3 847 202 | (1 432 325) | 80 906 | - | (286 933) | - | (1 638 352) | 2 208 850 |
| Public Safety | 7 858 824 | 2 878 912 | (132 821) | - | - | - | 10 604 915 | (878 249) | 112 637 | - | (1 636 093) | - | (2 401 705) | 8 203 210 |
| Road Transport | 1 701 768 586 | 12 522 099 | (13 419) | - | - | - | 1 714 277 266 | (581 051 275) | 9 329 | - | (33 907 890) | - | (614 949 836) | 1 099 327 430 |
| Social Services | 155 405 659 | 15 410 172 | (7 987 022) | - | - | - | 162 828 809 | (52 742 594) | 3 517 673 | - | (7 117 094) | - | (56 342 015) | 106 486 794 |
| Sport and Recreation | 116 131 754 | 751 270 | (17 600) | - | - | - | 116 865 424 | (57 652 500) | 14 627 | - | (6 612 784) | - | (64 250 657) | 52 614 767 |
| Waste Water Management | 437 777 125 | 20 676 124 | (1 350 191) | - | - | - | 457 103 058 | (189 188 958) | 849 863 | - | (8 468 715) | - | (196 807 810) | 260 295 248 |
| Water | 305 049 754 | 2 951 068 | (11 147) | - | - | - | 307 989 675 | (157 706 973) | 5 153 | - | (8 811 136) | - | (166 512 956) | 141 476 719 |
| | 4 470 867 495 | 72 942 684 | (11 141 663) | - | - | - | 4 532 668 516 | 1 859 371 042) | 5 865 456 | - | (109 518 280) | - | 1 963 023 866) | 2 569 644 650 |
| Municipal Owned Entities | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | |
| Municipality | 4 470 867 495 | 72 942 684 | (11 141 663) | - | - | - | 4 532 668 516 | 1 859 371 042) | 5 865 456 | - | (109 518 280) | - | 1 963 023 866) | 2 569 644 650 |
| | 4 470 867 495 | 72 942 684 | (11 141 663) | - | - | - | 4 532 668 516 | 1 859 371 042) | 5 865 456 | - | (109 518 280) | - | 1 963 023 866) | 2 569 644 650 |

Randfontein Local Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended
Prior Year **Current Year**

| Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand | | Actual Income Rand | Actual Expenditure Rand | Surplus /(Deficit) Rand |
|-----------------------------------|--|--|---|-----------------------------------|--|--|
| Municipality | | | | | | |
| 33 413 759 | 58 352 570 | (24 938 811) | Executive & Council/Mayor and Council | 32 495 000 | 49 725 000 | (17 230 000) |
| 141 831 799 | 47 419 363 | 94 412 436 | Finance & Admin/Finance | 105 002 000 | 43 799 000 | 61 203 000 |
| 3 952 720 | 33 542 467 | (29 589 747) | Planning and Development/Economic Development/Plan | 4 364 000 | 12 950 000 | (8 586 000) |
| 6 145 710 | 6 548 168 | (402 458) | Health/Clinics | 1 000 | 4 598 000 | (4 597 000) |
| 1 890 931 | 23 274 668 | (21 383 737) | Comm. & Social/Libraries and archives | 2 656 000 | 8 878 000 | (6 222 000) |
| 6 558 928 | 22 263 811 | (15 704 883) | Public Safety/Police | 6 225 000 | 24 948 000 | (18 723 000) |
| 89 718 | 10 904 286 | (10 814 568) | Sport and Recreation | 105 000 | 20 514 000 | (20 409 000) |
| 9 644 | 2 321 979 | (2 312 335) | Environmental Protection/Pollution Control | 15 000 | 2 562 000 | (2 547 000) |
| 27 140 128 | 35 482 727 | (8 342 599) | Waste Water Management/Sewerage | 34 743 000 | 32 307 000 | 2 436 000 |
| 12 064 162 | 56 972 091 | (44 907 929) | Road Transport/Roads | 11 322 000 | 20 490 000 | (9 168 000) |
| 66 541 086 | 59 809 661 | 6 731 425 | Water/Water Distribution | 84 076 000 | 60 514 000 | 23 562 000 |
| 260 083 138 | 239 109 751 | 20 973 387 | Electricity /Electricity Distribution | 323 314 000 | 249 986 000 | 73 328 000 |
| 31 205 831 | 35 483 986 | (4 278 155) | Other/Air Transport | 34 943 000 | 33 083 000 | 1 860 000 |
| 1 695 091 | 38 930 430 | (37 235 339) | | 1 849 000 | 42 035 000 | (40 186 000) |
| 592 622 645 | 670 415 958 | (77 793 313) | | 641 110 000 | 606 389 000 | 34 721 000 |
| Municipal Owned Entities | | | | | | |
| Other charges | | | | | | |
| 592 622 645 | 670 415 958 | (77 793 313) | Municipality | 641 110 000 | 606 389 000 | 34 721 000 |
| 592 622 645 | 670 415 958 | (77 793 313) | Total | 641 110 000 | 606 389 000 | 34 721 000 |

Randfontein Local Municipality
Appendix E(1)

**Actual versus Budget (Revenue and Expenditure) for the year ended
30 June 2012**

| Current year 2011 Act. Bal. Rand | Current year 2011 Adjusted budget Rand | Variance Rand | Var | Explanation of Significant Variances greater than 10% versus Budget |
|---|--|------------------|-----|--|
| | | | | |

Revenue
Expenses
Other revenue and costs

Randfontein Local Municipality
Appendix E(2)

**Budget Analysis of Capital Expenditure as at 30 June
2012**

| | | Additions | Revised Budget | Variance | Variance | Explanation of significant variances from budget |
|--------------------------|----------------------------|------------------|-----------------------|-----------------|-----------------|---|
| | | R'000 | R'000 | R'000 | % | |
| Municipality | | | | | | |
| 1.* | Executive and Council | 394 | 3 950 | 3 556 | 90 | |
| 2.* | Budget and Treasury | 9 | 50 | 41 | 82 | |
| 3.* | Corporate Support Services | 2 316 | 2 350 | 34 | 1 | |
| 5.* | Social Services | 11 003 | 19 664 | 8 661 | 44 | |
| 7.* | Public Safety | 510 | 1 430 | 920 | 64 | |
| 8.* | Sport and Recreation | 4 003 | 16 832 | 12 829 | 76 | |
| 9.* | Development Planning | 757 | 4 380 | 3 623 | 83 | |
| 10.* | Water | 10 435 | 22 483 | 12 048 | 54 | |
| 11.* | Road Transport | 4 830 | 13 859 | 9 029 | 65 | |
| 12.* | Waste water management | 1 987 | 800 | (1 187) | (148) | |
| 13.* | Electricity | 11 722 | 14 865 | 3 143 | 21 | |
| | | 47 966 | 100 663 | 52 697 | 52 | |
| Municipal Owned Entities | | 65 429 | - | (65 429) | - | |

Randfontein Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

| Name of Grants | Name of organ of state or municipal entity | Quarterly Receipts | | | | | Quarterly Expenditure | | | | | Grants and Subsidies delayed / withheld | | | | | Reason for delay/withholding of funds | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act | Reason for noncompliance |
|--------------------------------|--|--------------------|-------|--------|-------|--------|-----------------------|--------|--------|-------|--------|---|-------|-----|-----|-----|---------------------------------------|--|--------------------------|
| | | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | | | |
| | | - | 2 200 | - | - | - | - | 348 | - | 566 | 1 286 | - | - | - | - | - | | No | |
| Finance Management Grant | Department of Energy National Treasury | - | 1 000 | - | - | - | - | 322 | 387 | 302 | (18) | - | - | - | - | - | | | |
| Lotto | National Lottery | - | - | - | - | 3 000 | - | 444 | 636 | 53 | - | - | - | - | - | - | | | |
| Municipal Infrastructure Grant | Gauteng department of | - | - | 8 000 | 2 397 | 5 000 | - | 7 012 | 3 428 | 2 962 | 4 686 | - | 3 897 | - | - | - | | | |
| Various | National Departments | - | 750 | - | - | - | - | 674 | - | 76 | 100 | - | - | - | - | - | | | |
| Various | Provincial Departments | - | 500 | 5 000 | - | 4 090 | - | 3 806 | 7 283 | 1 527 | 6 430 | - | - | - | - | - | | | |
| SRAC | Department of Sport Recreation, Arts and Culture | - | 3 000 | 400 | - | - | - | 193 | 193 | 779 | 2 003 | - | - | - | - | - | | | |
| WRDM | District | - | - | - | - | 4 203 | - | - | - | - | 4 549 | - | - | - | - | - | | | |
| Dev contrib | Various | - | - | - | - | - | - | - | - | - | 2 743 | - | - | - | - | - | | | |
| | | - | 7 450 | 13 400 | 2 397 | 16 293 | - | 12 799 | 11 927 | 6 265 | 21 779 | - | 3 897 | - | - | - | | | |

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Randfontein Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

| Name of Grants | Name of organ of state or municipal entity | Quarterly Receipts | | | | | Quarterly Expenditure | | | | | Grants and Subsidies delayed / withheld | | | | | Reason for delay/withholding of funds | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act | Reason for noncompliance |
|--------------------------------|--|--------------------|-------|--------|-------|--------|-----------------------|--------|--------|-------|--------|---|-------|-----|-----|-----|---------------------------------------|--|--------------------------|
| | | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | | | |
| | Department of Energy | - | 2 200 | - | - | - | - | 348 | - | 566 | 1 286 | - | - | - | - | - | | No | |
| Finance Management Grant | National Treasury | - | 1 000 | - | - | - | - | 322 | 387 | 302 | (18) | - | - | - | - | - | | | |
| Lotto | National Lottery | - | - | - | - | 3 000 | - | 444 | 636 | 53 | - | - | - | - | - | - | | | |
| Municipal Infrastructure Grant | Gauteng department of | - | - | 8 000 | 2 397 | 5 000 | - | 7 012 | 3 428 | 2 962 | 4 686 | - | 3 897 | - | - | - | | | |
| Various | National Departments | - | 750 | - | - | - | - | 674 | - | 76 | 100 | - | - | - | - | - | | | |
| Various | Provincial Departments | - | 500 | 5 000 | - | 4 090 | - | 3 806 | 7 283 | 1 527 | 6 430 | - | - | - | - | - | | | |
| SRAC | Department of Sport Recreation, Arts and Culture | - | 3 000 | 400 | - | - | - | 193 | 193 | 779 | 2 003 | - | - | - | - | - | | | |
| WRDM | District | - | - | - | - | 4 203 | - | - | - | - | 4 549 | - | - | - | - | - | | | |
| Dev contrib | Various | - | - | - | - | - | - | - | - | - | 2 743 | - | - | - | - | - | | | |
| | | - | 7 450 | 13 400 | 2 397 | 16 293 | - | 12 799 | 11 927 | 6 265 | 21 779 | - | 3 897 | - | - | - | | | |

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Randfontein Local Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

| Name of Grants | Name of organ of state or municipal entity | Quarterly Receipts | | | | | Quarterly Expenditure | | | | | Grants and Subsidies delayed / withheld | | | | | Reason for delay/withholding of funds | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act | Reason for noncompliance |
|--------------------------------|--|--------------------|-------|--------|-------|--------|-----------------------|--------|--------|-------|--------|---|-------|-----|-----|-----|---------------------------------------|--|--------------------------|
| | | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | Jun | Sep | Dec | Mar | Jun | | | |
| | | - | 2 200 | - | - | - | - | 348 | - | 566 | 1 286 | - | - | - | - | - | No | | |
| Finance Management Grant | Department of Energy National Treasury | - | 1 000 | - | - | - | - | 322 | 387 | 302 | (18) | - | - | - | - | - | | | |
| Lotto | National Lottery | - | - | - | - | 3 000 | - | 444 | 636 | 53 | - | - | - | - | - | - | | | |
| Municipal Infrastructure Grant | Gauteng department of | - | - | 8 000 | 2 397 | 5 000 | - | 7 012 | 3 428 | 2 962 | 4 686 | - | 3 897 | - | - | - | | | |
| Various | National Departments | - | 750 | - | - | - | - | 674 | - | 76 | 100 | - | - | - | - | - | | | |
| Various | Provincial Departments | - | 500 | 5 000 | - | 4 090 | - | 3 806 | 7 283 | 1 527 | 6 430 | - | - | - | - | - | | | |
| SRAC | Department of Sport Recreation, Arts and Culture | - | 3 000 | 400 | - | - | - | 193 | 193 | 779 | 2 003 | - | - | - | - | - | | | |
| WRDM | District | - | - | - | - | 4 203 | - | - | - | - | 4 549 | - | - | - | - | - | | | |
| Dev contrib | Various | - | - | - | - | - | - | - | - | - | 2 743 | - | - | - | - | - | | | |
| | | - | 7 450 | 13 400 | 2 397 | 16 293 | - | 12 799 | 11 927 | 6 265 | 21 779 | - | 3 897 | - | - | - | | | |

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.